

Good morning.

This week, the Missouri Capitol was especially fraught with feelings. The Senate's descent into madness continued; as tensions escalate, opportunities for pragmatic compromise—previously the Senate's calling card—are vanishing. The House was also rife with emotion as it tackled a couple controversial issues this week. Unlike the Senate, the lower chamber's time limited debate mitigates the acrimony, and keeps the personalities and politics more on the rails.

With six weeks of legislative session complete and only 12 weeks remaining, eyes are on the Senate because it has yet to debate a single substantive piece of legislation. The Senate reportedly intends to work through the weekend, though most observers do not anticipate any progress before Monday. We will promptly advise if that changes.

We exist to serve you and are available whenever you need us — days, nights, and weekends. Please email, text, or call anytime you have questions.

The legislature will not be in session on Monday, February 21 for Presidents' Day. It will reconvene on February 22.

Thanks and have a great weekend.

Supplemental Budget Update

Emergency Supplemental Budget

The House Budget Committee finally voted on the emergency supplemental funding package included in HCS / HB 3014. The package was stalled due to issues with the proposed state pay plan increase. The Governor's proposal was amended to appease Republican members of the committee that were not in favor of raising entry level jobs above the state's minimum wage. The change moves the proposed \$15 per hour pay for minimum wage jobs, which the committee defined as jobs that require no skill, to \$12 per hour with the remaining state positions getting a 5.5% cost of living increase. However, the committee agreed it was important for direct care providers and agencies (such as Veterans Commission, Corrections staff, Mental Health, Divisions of Youth Services and Children's Division) were left with a \$15 per hour minimum wage.

In Committee this Week

MoDOT and Highway Patrol retirement

The House Pensions Committee heard House Bill 1984 sponsored by Representative Barry Hovis (R - Whitewater). HB1984 changes provisions relating to the Missouri Department of Transportation and Highway Patrol Employees' Retirement System. The bill modifies the Board membership of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System by having the terms of the active employee representatives serving on the Board on August 28, 2022, to continue an additional two years until June 30, 2024 and after such date all terms of elected active employee representatives shall be for four years beginning July 1, 2024 and every four years thereafter. Executive Director of the MoDOT & Patrol Employee Retirement System provided supporting testimony. There was no testimony in opposition or for informational purposes.

Public school retirement

The House Pensions Committee heard House Bill 2114 sponsored by Representative Rusty Black (R - Chillicothe). HB2114 modifies provisions relating to teaching and school employee retirement systems. Currently, any teacher retired from the Public School Retirement System can be employed in a position covered under the Public Education Employee Retirement

System (PEERS) without stopping their retirement benefit. Such teachers may earn up to 60% of the minimum teacher's salary as set forth in Section 163.172, RSMo, and will not contribute to the retirement system or earn creditable service. This bill will allow such teachers to earn up to the annual earnings limit applicable to a Social Security recipient before the calendar year of attainment of full retirement age. The bill also allows these employees to work full time up to four years for such districts. After no discussion, the bill was voted do pass 12 - 0.

Retirement systems

The House Pensions Committee heard House Bill 2234 sponsored by Representative Rusty Black (R - Chillicothe). The bill changes provisions related to retirement systems. Specifically, it proposes cleanup language affecting the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). After no discussion, the bill was voted do pass 12 - 0.

Gas tax repeal

The House Special Committee on Government Oversight met dedicated most of Tuesday afternoon for a lengthy hearing on HB 1594 sponsored by Representative Sara Walsh (R-Ashland). This legislation seeks a full repeal of SB 262 (2021) which implements an increase of the state fuel tax over a five-year period. It also contains a mechanism for Missouri taxpayers to receive a refund on the increase. Since the legislation passed last year, the Director of the Department of Transportation announced that he wants to use the increase in funds for MoDOT employee pay increases. Subsequently, the Highway and Transportation Commission filed a lawsuit against the Office of Administration alleging that the Commission has the authority to use the money for pay increases without it being appropriated by the Legislature. This action has damaged the relationships between MoDOT and the General Assembly. Those lawmakers who opposed the legislation last year are now working diligently to repeal it because they feel they were "sold a bill of goods by the Department."

The sponsor informed the committee that she received nearly 200 witness forms from citizens of the state who oppose the fuel tax increase and support her legislation. When we checked their witness forms online it appears that no one told them how to properly complete the form so most of them checked that they oppose the bill when in reality they were trying to support the bill to repeal the gas tax increase. Residents of Columbia, Ashland, Brazito, and Callaway County appeared in person and spoke in favor of the bill. They indicated that although the increase is minimal, it hits retired people on a fixed income very hard when you couple it with our current rate of inflation. They also said that they think it is unconstitutional and they do not believe that Missourians should have to keep track of receipts to submit for a refund. Also speaking in favor of the bill were the Concerned Women of America and Americans for Prosperity. They said that increasing the gas tax is not the only way to fund roads and bridges.

Speaking against the bill was the Chairman of the Highway and Transportation Commission and the Director of the Department of Transportation. The majority of the time spent at the hearing focused on questioning these two witnesses. Most members of the committee are upset with them and noted that they are disappointed that the Commission would file a lawsuit against the state without having come to the Legislature first to talk about the need for money for pay increases. Also speaking against the bill, in person, was Missourians for Transportation Investment (MFTI), the Missouri Chamber of Commerce, and the Missouri Municipal League. Jeff Glenn, with MFTI, informed the committee members of a 2018 opinion from then Attorney General Josh Hawley. His opinion indicated that, per the state Constitution, monies received from the gas tax are not included in total state revenues, which is why it will not conflict with the Hancock Amendment. In addition, MFTI and the Missouri Municipal League indicated that they advocated for the gas tax increase because there has not been an increase since

1996 and more money is needed in order to build and maintain roads and bridges. Many other witnesses filed their opposition to the bill online. They include: Associated General Contractors, Delta Companies, Inc., MO Association of Realtors, MO Corn Growers Association, Silver Dollar City, The Northwest MO Economic Development Council, Site Improvement Association, American Concrete Pavement Association, Economic Development Corporation of Kansas City MO, the Greater KC Chamber of Commerce, Oates Associates, Inc., Winter-Dent and Company, American Subcontractors Association Midwest Council, Springfield Area Chamber of Commerce, MO Petroleum Products Company, LLC, American Council of Engineering Companies of Missouri, MO Concrete Association, Associated Industries of Missouri, MO Transportation and Development Council, Ozark Transportation Organization, SCI Engineering, MO Trucking Association, Shepherd Hills Factory Outlets, American Highway, West Contracting, Horner & Shifrin, Sullivan Asphalt & Construction Company, and Morris Shoreside Enterprises.

General Budget Update

The various state agencies presented Fiscal Year 2023 Budget recommendations this week. Budget hearings will continue next week and later this month the five House Appropriations Subcommittees will finalize budget priorities to recommend to the House Budget Committee. The full Budget Committee will then work through the budget bills in March. The goal is to have a House Budget Committee version of the Fiscal Year 2023 State Operating Budget drafted by the time they adjourn for spring break.

American Rescue Plan Funding Proposal

Missouri State Budget Director Dan Haug presented the Governor's proposed American Rescue Plan (ARPA) spending package to the House Budget Committee on Wednesday night. He walked the committee through how the state's fiscal recovery funds will be spent if approved by the General Assembly. The total amounts of all proposed projects and programs in the spending proposal are included, but he explained that many of the proposed items will not actually be fully allocated in one fiscal year and will require a re-appropriations budget bill next year.

The \$2.8 billion total ARPA funding must be obligated by the end of calendar year 2024 and spent by Fiscal Year 2026. He reminded the committee the funding must be spent within three broad buckets, including: 1) economic recovery / public health emergency, 2) infrastructure (water / wastewater / broadband), and 3) revenue loss.

After three hours of walking through the first half of the spending proposal, the committee adjourned after being exhausted from a total of twelve hours of working through various budget books over the course of the day. The House Budget Committee will reconvene next week to finish reviewing the Governor's proposed APRA spending plan. You can review the proposed ARPA spending plan here:

https://oa.mo.gov/sites/default/files/FY_2023_American_Rescue_Plan_Act_Fiscal_Recovery_Funds_Appropriation_Recommendations_%28HB20%29%20.pdf

Brittany Robbins
Strategic Capitol Consulting (SCC)
Government Affairs, Communications, Operations
314-712-8646
brittany@strategiclobby.com
www.strategiclobby.com