

September 11, 2023

Yo. We're back! It's veto session week. That means fundraisers, hearings and more fundraisers. Veto session is Wednesday. At the end of the day on Friday last week, a total of 37 fundraisers were scheduled in Jefferson City this week. Wowza.

We don't anticipate any overrides on Wednesday. We do expect to hear plenty of stump speeches from both chambers as we head into an election year. But, we will keep you posted.

Governor Parson vetoed [SB 189](#) (relating to public safety) citing unintended consequences relating to expunging records of sexual offenses and restitution qualifications. Other vetoes include action related to [budget bills](#).

A general update and hearing schedule is below. After veto session is behind us, it will be time to pivot and begin thinking about legislative priorities for 2024. We will contact you individually to begin that process.

Please let us know if you have any questions in the meantime. Thanks and have a great week!

### Transportation Update

At the end of August, MoDOT began hosting a series of open house meetings in communities most impacted by the I-70 corridor with the final open house being conducted on Thursday. The purpose of these open houses was to provide the general public information on why improvements to I-70 are vital to the state. These open houses were informal with dozens of MoDOT personnel on site to answer the general public's questions. Plans for I-70 are still ongoing but a tentative schedule of projects have been released. These dates are:

- Project 1: Columbia to Kingdom City the project will be awarded in early 2024 with completion expected in late 2027 with a cost of \$350-\$500 million
- Project 2: Wentzville (I-64) to Warrenton the project will be awarded in Fall 2024 with completion expected in Fall 2028 with a cost of \$400-\$500 million
- Project 3: Blue Springs to Odessa the project will awarded in Spring 2025 with completion expected in Fall 2028 with a cost of \$200-\$300 million
- Project 4: Kingdom City to Warrenton the project will be awarded in Fall 2026 with completion expected in Fall 2030 with a cost of \$650-\$700 million
- Project 5: Odessa to Marshall the project will be awarded in Spring 2027 with completion expected in Spring 2030 with a cost of \$450-\$550 million
- Project 6: Marshall to Columbia the project will be awarded in Fall 2027 with completion expected in Fall 2030 with a cost of \$600-\$700 million

The open house concluded by informing the public the next steps for the I-70 improvement project will include reviewing and updating the environmental documents produced in the mid-2000s as there have been changes in road conditions, traffic and environmental impacts. The MoDOT I-70 Improvement Team will begin working partners in the construction industry and engineering design to

determine the best way to schedule the work to sequence program delivery based on traffic impacts and industry capacity to receive the best value for the highlighted projects. Finally, a final firm schedule of projects will be released early in the Fall 2023.

The conclusion of the open houses was fortuitous as the Missouri Highway and Transportation Commission met for their monthly meeting on Thursday. The meeting began with a workshop regarding MoDOT's debt and bonding program and how future bonds and debt incurred would be handled. Due to the passage of \$1.4 billion in bonding authority, in addition to the \$1.4 billion in general revenue appropriated for the I-70 Improvement Project the Missouri Highway and Transportation Commission will have to change their debt management policies. This will include reviewing current debt and bonding definitions.

The commission then received a brief presentation regarding the timeline of bonds and their proceeds, the cost of the issuance of bonds, which bond issuance scenario would fit and a recommendation to the commission of which scenario would best fit MoDOT's current policy and possible changes to policy. The timeline for the bonds is as follows:

- 2023-\$400 million in bond proceeds
- 2026-\$500 million in bond proceeds
- 2028-\$500 million in bond proceeds

Outside of the debt incurred by bond issuance the actual cost of issuing bonds would be roughly \$500,000 plus \$3.00 per bond for underwriting and the coupon rate is 5% which has been typical of MoDOT rates in the past.

The commission was then presented two scenarios of which the commission could choose to issue bonds and the debt schedule which would be incurred. Scenario one included issuing 15 year bonds while not exceeding the \$136 million appropriation cap and includes a 20 year debt service schedule. Scenario two included a rapid amortization issuance of bonds but hits the \$136 million appropriation cap but is estimated to reduce the debt service by \$345,700,000 and reduces the debt service from 20 years to 12.

The recommendation given by CFO Brenda Morris was to go with scenario two which aligns with the current debt management policy to minimize borrowing costs and limit debt duration and although it hits the \$136 million per year cap it does not exceed the cap. It was also recommended the first issuance of Series A bonds be conducted in November 2023 with the first debt service being paid in May 2024. These bonds are expected to provide proceeds estimated between \$384 to \$390 million.

Finally, a timeline for the commission to consider bond issuance was given:

- October 12 commission meeting an updated debt management policy will be issued
- October 16 presentations to rating agencies to determine which agency to issue bonds through
- October 23 follow-up with rating agencies to make final determination of bond issuance
- October 27 be given final Series A 2023 bond ratings for issuance for November.

After the bonding workshop, the commission moved onto the general meeting. During this time the commission received an update from MoDOT Director Patrick McKenna who informed the commission that although the \$2.8 billion in funding for the I-70 Improvement Project is unprecedented they have also applied for an additional \$300 million in the form of a federal grant to expand on the I-70 projects and are awaiting to hear of the award by late Fall.

Finally, the 2024 transportation legislative agenda was announced and MoDOT will be pursuing Safer Access for All policies which will include a mandatory booster seat law, expanding the definition of first responders to include MoDOT workers and creating a primary seatbelt violation law.

The commission will meet again in October.

### Tidbits

- Governor Mike Parson has requested that President Joe Biden approve a major disaster declaration to provide federal assistance in 33 counties in response to multiple severe weather systems that impacted Missouri from July 29 to August 14. These storms generated tornados, high winds, heavy rain and flooding across the state, leading to significant damage to public infrastructure. The preliminary damage assessment conducted by SEMA, FEMA and local emergency managers estimate that more than \$14 million in infrastructure damage and emergency response costs are eligible for federal assistance.
- The Department of Economic Development announced last week it has awarded a total of nearly \$11 million to 22 communities through its Community Development Block Grant (CDBG) Program to assist with various improvement projects. Funded projects include street and roadway repairs, stormwater and drainage improvements, demolition of dilapidated structures and construction of new public facilities.
- Data compiled by the Health Resources and Services Administration shows 113 of 114 counties in Missouri are experiencing a shortage of doctors, nurses and hospital staff. The state has been working to address these shortages by creating a program that adds just under \$5 million to a program that helps pay off student loans of health-care workers in high-demand areas and opening up more residency spots around the state. Platte County is the only county without a shortage.
- Last week, Missouri's General Revenue August report was released. General Revenue collections for August grew compared to August of last year. Collections for August are up 3.1% compared to last August, from \$1.01 billion last year to \$1.04 billion this year. Net general revenue collections for the 2024 fiscal year-to-date 2% compared to last August.

### Upcoming Hearings

09/12/2023 9:00 AM [House-Special Interim Committee on the Earnings Tax Committee Hearing](#), HR 7

09/12/2023 10:00 AM [House-Children and Families Committee Hearing](#), HR 6

09/12/2023 11:30 AM [House-Consent and House Procedure Committee Hearing](#), HR 1

09/12/2023 3:00 PM [Joint Committee on Public Employee Retirement Committee Hearing](#), Joint Committee Room (Room 117)

09/13/2023 8:00 AM [House-Elections and Elected Officials Committee Hearing](#), HR 6

09/13/2023 8:00 AM [Joint Committee on Education Committee Hearing](#), Joint Committee Room (Room 117)

09/13/2023 9:30 AM [Senate-Health and Welfare Committee Hearing](#), Senate Lounge

09/13/2023 10:00 AM [Joint Committee on Transportation Oversight Committee Hearing](#), SCR 2

09/13/2023 10:30 AM [Joint Committee on the Justice System Committee Hearing](#), Joint Committee Room (Room 117)

**Key Upcoming Dates:**

- September 13, 2023 – Veto Session
- December 1, 2023 – First day of bill filing
- January 3, 2024 – First day of Legislative session

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