

Public Affairs Committee Report By Heath Clarkston

SPECIAL SESSION BEGINS SEPTEMBER 6TH AND ARPA GRANTS AVAILABLE

During the 2022 Regular Session, the Missouri General Assembly appropriated \$49 billion for the fiscal year 2023 state operating budget. Of that, \$2.6 billion was for capital improvement funds from Federal American Rescue Plan Act (ARPA) dollars. These funds included state administered grant programs for infrastructure, small businesses, stormwater, and broadband. The state is currently in the process of creating procedures to allow businesses to request funding through a competitive grant process.

On Aug. 22, Gov. Mike Parson (R) announced his call for a special session for permanent state income tax cuts and the extensions of several agriculture tax credit programs for a minimum of six years. The General Assembly will meet in Jefferson City on Tuesday, Sept. 6, at 12 noon to begin consideration of Governor Parson's proposed legislation. The Special Session will have one bill with numerous subject matters relating to taxation and the bill debate is set to begin in the Missouri Senate.

The special session likely will overlap with the General Assembly's annual veto session, scheduled to begin on Sept. 14. The special session is the result of Governor Parson vetoing House Bill 1720 and House Bill 2090, bills passed in May that dealt with tax credits and state tax refunds. The Governor's veto centered around how the bills were drafted and not the subject matter and thus he has asked for the legislature to return and pass a bill with the needed modifications.

The Governor's proposed tax plan includes reducing the individual income tax rate, increasing the standard deduction, and further simplifying the tax code. The proposed plan includes:

- Reducing the top individual income tax rate from 5.3 to 4.8 percent, a nearly 10 percent cut;
- Increasing the standard deduction for individuals by \$2,000 and by \$4,000 for married joint filers; and
- Eliminating the bottom income tax bracket (\$16,000 for single filers, \$32,000 for married joint filers).

The special session call also includes the extension and creation of several agriculture tax credit programs intended to help develop key areas of Missouri's agricultural industry, the state's top economic driver. The sunset for each program will be for a minimum of six years. The call includes:

- Extending the expiration of the meat processing facility investment tax credit;
- Creating a tax credit program for retail dealers of higher ethanol blend fuels;
- Creating a tax credit program for retail dealers of biodiesel;
- Creating a tax credit program for Missouri biodiesel producers;
- Creating a tax credit program for establishing or improving urban farming operations;

- Extending the expiration of the Rolling Stock Tax Credit program;
- Extending the expiration of the Agricultural Product Utilization Contributor Tax Credit;
- Extending the expiration of the New Generation Cooperative Incentive Tax Credit;
- Exempting utility vehicles for agriculture use from state and local sales and use taxes;
- Creating the Specialty Agricultural Crops Act; and
- Amending the Family Farms Act to modify the definition of small farmer.

In addition, the Governor's call included the confirmation of all nominees submitted to the Missouri Senate since its adjournment from its regular legislative session mid-May.

PRIMARY ELECTION HELD, GENERAL ELECTION SET FOR NOVEMBER

On Tuesday, August 2nd, Missouri held its primary election with the winners advancing to the November 8th general election. Locally, no major surprises occurred at Sen. Mike Bernskoetter (R); Rep. Rudy Viet (R) and Rep. David Griffith (R) easily cruised to victory in the primary. State Rep. Travis Fitzwater (R-Holts Summit) won election to replace outgoing Sen. Jeannie Riddle (R-Fulton) for District 10 that includes Callaway County.

Following the primary election, the Attorney General and State Treasurer were both elected as the republican party nominees for new offices. If Attorney General Eric Schmitt and State Treasurer Scott Fitzpatrick are successful in the November general election, Governor Mike Parson (R) will need to fill their offices immediately by appointment. Governor Parson is no stranger to appointments as he has been forced to fill numerous offices during his tenure. To date, Parson has made appointments for the offices of Lieutenant Governor, Attorney General and State Treasurer. Parson initially appointed both Schmitt and Fitzpatrick in 2018 to fill unexpired terms and they were then duly elected in 2020.

VOTERS WILL DECIDE FOUR STATE CONSTITUTIONAL AMENDMENTS, RECREATIONAL MARIJUANA ON BALLOT

On November 8, voters will cast ballots on four amendments to the Missouri Constitution. Legislators in 2022 passed two joint resolutions along with one joint resolution in 2021, all to be on the statewide ballot in November.

Also, the initiative petition process has placed the Recreational Use of Marijuana on the ballot as Secretary of State Jay Ashcroft announced on August 9 that enough registered voters' signatures were submitted in July for the provision to make the ballot.

Ranked-Choice Voting, another initiative petition topic, did not make the ballot due to a shortage of registered voters' signatures counted by local county clerks and election authorities to determine if issues are placed on the statewide ballot.

Senate Joint Resolution 38, sponsored by Sen. Tony Luetkemeyer (R-Parkville) will be on the ballot. SJR 38 involves funding for the Kansas City Police Department. Under current law, the General Assembly cannot require a city to increase an activity or service beyond that required by existing law, unless a state appropriation is made to pay the city for any increase in costs. SJR 38 would provide an exception to allow for a law that increases minimum funding, if increased

before Dec. 31, 2026, for a police force established by a state board of police commissioners such as Kansas City to ensure they have additional resources to serve their communities.

House Joint Resolution 116, sponsored by Rep. Adam Schnelting (R-St. Charles), would establish a “Missouri Department of the National Guard,” charged with providing the state militia, upholding the Constitutional rights and liberties of Missourians, and other defense and security mechanisms as may be required. Leading the department would be the Adjutant General, appointed by the Governor with the advice and consent of the Senate. Currently, the National Guard is within the state’s Office of Public Safety.

House Joint Resolution 35, sponsored in 2021 by former state Rep. Aaron Griesheimer (R-Washington), would give authority to the State Treasurer to invest certain funds not necessary for current expenses in obligations of the U.S. government or any U.S. government agency, payable not more than seven years from the date of purchase. Other investments allowed by the resolution would include municipal securities with one of the five highest long-term ratings or the highest short-term rating issued by a nationally recognized rating agency and maturing and becoming payable not more than five years from the date of purchase. The State Treasurer could also invest in other reasonable and prudent financial instruments and securities as otherwise provided by law, according to the resolution.

The **Recreations Use of Marijuana Constitutional amendment** initiative would legalize adult-use recreational marijuana, allowing Missourians over 21 years of age to possess, consume, and cultivate marijuana, and expunge criminal records for most prior, nonviolent marijuana offenses. On May 8, the group Legal Missouri 2022 had turned in more than 385,000 signatures to the Secretary of State’s Office. About 171,600 of those signatures were needed to be validated to place the issue on the statewide ballot.