

# 2014 Final Report for Legislative Session

05/19/2014

JOHN BARDGETT & ASSOCIATES

Governmental & Public Relations Consultants

## LEGISLATIVE REPORT

TO: MAPA

FROM: John E. Bardgett, Jr.

DATE: May 19, 2014

RE: Final Report for 2014 Legislative Session

The Second Regular Session of the 97th Missouri General Assembly adjourned Sine Die on Friday, May 16th at 6:00 p.m. The session was capped off in dramatic fashion with an override of the Governor's veto of an income tax cut bill, SB 509 – sponsored by Sen. Kraus (R – Lee's Summit). Tax relief was the number one priority for both the Speaker of the House, Tim Jones and Senate President Pro Tem, Tom Dempsey. The House leadership was able to refocus their caucus on the override after a rocky couple of months over the polarizing Right to Work issue.

Earlier in the session, two very well liked, term-limited Senators resigned to take positions in state government. Sen. Ryan McKenna (D – Jefferson County) was appointed as the new Director of the Missouri Department of Labor and Sen. Scott Rupp (R – Wentzville) was appointed to the Missouri Public Service Commission.

## General Session Information

There were a total of 1,842 pieces of legislation filed during the 2014 legislative session with only 188 bills actually making it all the way through the process to final passage. This includes 15 appropriation bills. Of the bills that were Truly Agreed to and Finally Passed, many of these are what are considered “consent” bills, which means they are generally noncontroversial and carry no fiscal impact to the state.

Governor Nixon has until July 14, 2014 to either sign or veto bills passed during the legislative session. All legislation passed by the General Assembly, if signed into law by Governor Nixon, will become effective on August 28, 2014 unless the legislation provided for a specific effective date or contained an emergency clause. If the Governor takes no action, the bill becomes law.

## Fiscal Year 2015 Budget

The Budget Conference Committee, led by House Budget Committee Chairman Rep. Stream (R - Kirkwood) and Senate Appropriations Committee Chairman Sen. Schaefer (R - Columbia), negotiated their differences in one day and moved the \$26.4 billion budget to final passage. The Fiscal Year 2015 budget was constructed around the assumption the state will reach growth of 2%. However, the growth for the current year is .5%. The Fiscal Year 2015 Budget now awaits final action by the Governor.

Governor Nixon and his staff within the Office of Budget & Planning will take a careful review of the various state department line items to double check all action taken by the House and Senate before signing or line item vetoing any amount of money. Governor Nixon holds supreme authority to line-item veto any items among the various state department’s budgets and /or withhold funding as he feels is appropriate to maintain a balanced budget. However, he must act on the budget prior to the commencement of the 2015 fiscal year, which is July 1, 2014.

## Functioning Missouri Senate

With overwhelming majorities in the House and the Senate, the Republicans accomplished several of their top legislative priorities. The Senate Republicans worked together well this session and passed a Student Transfer bill, revision of Missouri's Criminal Code and a Transportation Sales Tax that will be voted on by Missouri citizens in November. Senators navigated these thorny issues and there was civility and decorum restored to the Senate that has been absent in recent sessions.

### Right to Work Splits House Republicans

The House Republicans, however, were fractured over an extremely controversial Right to Work bill. Speaker Tim Jones (R - Eureka) who is term-limited led the charge on this proposal, which put many of his caucus members with tough reelections looming in November in an unenviable position. The bill would have made Missouri the 26th Right to Work state upon voter approval. The bill fell 4 votes short of the constitutional majority, 82, required to obtain final passage in the House. The wrangling and arm twisting by Speaker Jones on this issue left a bitter taste with some House Republicans and caused many tense caucus meetings we are told.

### Tax Cut Veto Overridden

In one of the most dramatic turns in the session, the Missouri General assembly overrode the veto of Gov. Nixon on a \$620 million income tax cut bill. SB 509 - sponsored by Sen. Kraus (R - Lee's Summit) gradually reduces Missouri's top personal income tax rate from 6 to 5.5% and allows a 25% deduction of business income on personal tax returns. The law will not take effect until 2017 and then only if the state's revenues exceed \$150 million from the three previous years.

There was no room for error in the override attempt by Republicans whose majority is one short of the 109 required in the House, all Republicans were present and voted to override. The lone Democrat vote came from a freshman Democrat, Rep. Keith English (D - Florissant). Rep. English saw a swift reaction from his Democrat leadership when they removed him from all

the committees on which he served. Although this move was mostly symbolic as the majority of committee work had been completed for the session.

The vote to override in the House was 109 – 46 and was along party lines in the Senate by a vote of 23 – 8.

This was a huge blow to Gov. Nixon who successfully orchestrated to sustain his veto of a similar bill last session. Fifteen Republicans bucked their caucus and voted to sustain the veto last year. This year, the Republican caucus held together under Majority Floor Leader, Rep. John Diehl's (R – Town & Country) leadership and presented a united front.

### Transportation Sales Tax Going Before Voters

The House of Representatives passed HJR 68 on the last week of session by a vote of 105-43. The bill, sponsored by Rep. Hinson (R – St. Clair), would impose a temporary 3/4ths of a cent increase in sales tax for the purpose of transportation funding in the state upon approval by voters. As a Joint Resolution, the bill does not require approval from the Governor and will go straight to the ballot in November 2014. This was a two-year effort led by Sen. Mike Kehoe (R – Jefferson City) and Rep. Hinson, a similar bill was filibustered by Sen. Lamping (R – Ladue) in the last days of the 2013 session. As a compromise position, the tax rate was lowered to 3/4ths of a cent from the original one-cent proposal.

### Bipartisan Support for Patient Centered Legislation

The legislature fast tracked a bill dealing with Oral Chemotherapy, SB 668, sponsored by Sen. Silvey (R – Clay County), to Gov. Nixon before the annual Spring Break and he signed the bill into law in mid-March. The bill requires health insurers to treat oral chemotherapy as least as favorably as intravenous cancer treatments and will allow thousands of Missouri patients' access to oral cancer treatments.

In one of the most impressive legislative accomplishments we have ever seen, the legislature approved a bill that would allow Missourians who suffer from intractable epilepsy to use hemp oil. The bills' sponsors, Rep. Caleb Jones (R –

California) and Sen. Eric Schmitt (R – Glendale) shepherded the bill through the entire legislative process and sent the bill to the Governor in an amazingly short 30 days. This bill, HB 2238, sets up a very regulated process by which the hemp is grown and the oil is extracted and dispensed. Sen. Schmitt, whose son suffers from intractable epilepsy, gave a passionate, personal speech on the Senate floor and the bill received unanimous support. At the time of this report, Gov. Nixon has taken no action on the bill.

### Last Minute Truce in Senate

The last week of the session, Senate Democrats and Senate Republicans reached a truce on several pieces of controversial legislation. Democrats led by the Minority Leader, Sen. Jolie Justus (D – Kansas City) agreed to stand down on a constitutional amendment to allow some early voting in Missouri and a measure to extend the waiting period before an abortion. In exchange, Senate Republicans agreed not to push for voter photo identification or the paycheck deduction bill, also known as “paycheck protection.” This compromise allowed the Senate to avoid long filibusters and gridlock in the last week of session.

Paycheck protection, as supporters call it, would require public sector unions to obtain annual written authorization before automatically deducting dues or fees from member or non-member paychecks. According to Senate President Pro Tem Tom Dempsey (R – St. Charles), many of his caucus members thought this to be a compromise position and would have preferred the state to become a “Right to Work” state. The Right to Work legislation died in the House due to the lack of 82 votes needed to send it to the Senate.

### House Judiciary Committee Hears Articles of Impeachment

In another bizarre right-wing Republican twist, three articles of impeachment of Gov. Nixon were filed this session.

HR 380 – sponsored by Rep. Marshall (R – Parkville) adopts Articles of Impeachment for Governor Jay Nixon for the issuance of Executive Order 13-14 regarding the filing of a Missouri state combined income tax return by certain same-sex couples.

HR 476 – sponsored by Rep. Moon (R – Ash Grove) adopts articles of impeachment against Governor Nixon for failure to issue writs of election to fill vacancies in the General Assembly without delay as required by state law.

HB 923 – sponsored by Rep. Brattin (R – Harrisonville) adopts articles of impeachment for the Governor based on his failure to discipline or dismiss executive branch employees responsible for the released of concealed carry endorsement information.

The House Judiciary Committee held hearings on the resolutions but never voted on them. The hearings were a media circus and most House Republicans thought this was a distraction from more pressing issues. Gov. Nixon called the hearings “some sort of show.” The Chairman of the House Judiciary Committee, Rep. Cox (R – Sedalia) announced on May 6th that they would not be moving forward on the articles. He said the committee did not find that the level of “willful misconduct” was sufficient “to warrant forwarding the impeachment resolutions to the full House of Representatives” for consideration.

### No Love Lost Between Legislature and Nixon

During his post-session press conference, Governor Nixon told reporters that eight bills passed by the legislature in the final eight hours of the legislative session would hand out special tax breaks that could cost the state treasury between \$263 million and \$483 million and bust the budget. He hammered the Republican led legislature for passing special interest tax breaks for dry cleaners, exercise studios, data centers and power companies that would “blow up” the state’s budget that they sent to him a week earlier.

It continues to be an extremely combative atmosphere between the legislature and Governor Nixon. This session, the General Assembly enacted an income tax cut over the Democratic governor’s veto, ditched his proposed Medicaid expansion and insisted that students in unaccredited districts have an option to go to private schools, despite his protests.

### Major Topics that Passed

- · 72- Hour Abortion Waiting Period (HB 1307) – During the last week of session, Senate Democrats ended their filibuster after a compromise was made to allow the passage of a bill that implements a 72-hour waiting period for abortions. The 72-hour wait passed with a veto-proof majority in the House by a vote of 111-39, but the vote was 22-9 in the Senate, one vote short of the two-thirds support needed. The Governor has already voiced his negative opinion of the measure, which will likely bring a veto of the bill.
- · Education / Student Transfers (SB 493) – The House and Senate spent a lot of time negotiating a solution to the transfer law, which was upheld by the Missouri Supreme Court last summer. The bill creates a fix by allowing students who have attended an unaccredited school in an unaccredited district for at least one semester to transfer to an accredited school within their district. Once those slots are full, they can transfer to an accredited school in an accredited district in the same or adjoining county or a charter school in their district. In St. Louis, St. Louis County and adjacent counties and Jackson County, another option is available: a private, nonreligious school within the boundaries of their district, if approved by voters in the sending district.
- · Criminal Justice (SB 491) – A bipartisan massive overhaul of the criminal code was passed to make Missouri law more consistent, enforceable, and precise.
- · Common Core (HB 1490) – requires the state to evaluate and adopt new standards and assessments to track student performance.
- · Higher Education (SB 492) – requires public universities to establish five performance criteria, used to determine the amount of extra money an institution would receive when funding is increased.
- · Advance Voting (HJR 90) – asks voters to amend the constitution to allow no-excuse early voting on six business days before federal and state elections.
- · Preschool (HB 1689) – grants future state funding for public school districts to provide early childhood education for children in poverty.

- · Right to bear arms (SJR 36) – asks voters to amend the constitution to define the right to bear arms as unalienable.
- · Bonding (SB 723) – authorizes the state to issue \$600 million in bonds for deferred maintenance projects across the state.
- · Dental Care (HB 2011) – appropriates \$48 million in federal and state funds to reinstate dental care for about 300,000 low-income adults on Medicaid.

### Major Topics that Failed to Pass

- · Medicaid Expansion / Transformation – Numerous bills relating to Medicaid were filed in both the House and Senate. Committees debated differing proposals and up to the last week Sen. Silvey (R – Clay County) dedicated a lot of his time to develop a compromise to reform the program. Ultimately, no resolution was reached. We expect this issue to be back in 2015.
- · Economic Development / Tax Credit Reform – from the beginning of session, the Senate did not seem to have any appetite for passing a comprehensive economic development bill. The House passed HB 1501 – sponsored by Rep. Zerr (R – St. Charles) early in the session, hoping the Senate would have enough time to work through the obstacles. The bill included numerous new and expansions of tax credit programs, including Distressed Area Land Assemblage, Angel Investment, Freight Forwarders and Data Centers. The bill also included reform measures that would have decreased the caps on the state’s two largest tax credit programs, Historic Preservation and Low Income Housing. As has happened in the last 3 or 4 years a handful of Senators filibustered the economic development bill as they oppose the use of tax credit programs for economic development uses.
- · Medical Malpractice - The legislation would have reinstated the state’s cap on non-economic damages for medical malpractice lawsuits. The measure passed the House but stalled in the Senate.



- · Voter ID - Many pieces of legislation passed the House that would require voters to show photo identification at polling places, but the bills became Republican bait to Senate Democrats in a trade-off for passing other measures. Therefore, no voter ID legislation is moving to the Governor this year.
- · Tobacco Settlement – Eliminates pricing advantages enjoyed by small cigarette makers as 45 other states have done to comply with the national tobacco settlement.
- · Right to Work – A major topic that would have decreased union rights failed in the House and was never brought up in the Senate.
- · Ethics Reform – A continued effort to increase restrictions on lobbyist’s gifts to lawmakers, stop former legislators from jumping immediately into lobbying, and restoring campaign donation limits did not receive much debate by either chamber.
- · Tax Credit Reform – Efforts to reduce the state’s tax credit expenses received very little attention despite Governor Nixon’s annual speech to limit the state’s credits.
- · Gun Laws - Nullification of the federal gun laws was pushed by members in both the House and Senate, but got caught up by anti-Second Amendment provisions.
- · Union Dues (Paycheck Protection) – bars unions from automatic deduction of dues from members without annual written authorization from workers.

## Election Year

All 163 House seats and half of the 34 Senate seats are up for election. Filing for candidate offices closed on March 25, 2014 and the field is set for the primary elections in August and the general election in November.

## Senate

Seven sitting Senators and one open seat candidate are unopposed in their districts and will begin a four-year term following the November elections. The unopposed Senators include:

- · Sen. Will Kraus (R – Lee’s Summit)
- · Senator-elect Dan Hegeman (Lager)
- · Sen. Maria Chappelle-Nadal (D – University City)
- · Sen. Brian Munzlinger (R – Clarence)
- · Sen. Jay Wasson (R – Nixa)
- · Sen. Mike Parson (R – Bolivar)
- · Sen. Bob Dixon (R – Springfield)
- · Sen. Ron Richard (R – Joplin)

There will be several interesting Senate races to watch this election season. The following Senate seats are vacant due to term limits or the incumbent not returning.

- · **2nd District** – St. Charles County (Rupp term limited)

Rep. Chuck Gatschenberg (R – Lake St. Louis) and former Reps. Vicki Schneider and Bob Onder will square off in a Republican primary in August. This is a strongly Republican district, the race will be decided in the primary.

- · **24th District** – Central St. Louis County (Lamping not returning)

Jay Ashcroft, son of former Missouri Governor, U.S. Senator and U.S. Attorney General, John Ashcroft, is running against two lesser-known Republicans in the primary. Rep. Jill Schupp (D – Creve Coeur) is unopposed on the Democrat side. This should be a close race if Ashcroft is the Republican nominee, as this district is about 50/50 Republican to Democrat.

- · **22nd District** – Jefferson County (McKenna term limited)

This is also a close district between Democrat and Republican voters. Two State Representatives, Jeff Roorda (D) and Paul Wieland (R) will face off in the general election in November.

### House

The Republicans have 108 seats out of 163 in the House of Representatives, a super-majority that has well over the numbers need to pass legislation (82) and just one short needed to override gubernatorial vetoes (109). The House Republican machine seems to be rolling on with a huge advantage with cash on hand to spend in the upcoming elections. Some capitol observers believe that this fundraising advantage could mean even bigger numbers next year for Republicans.

### Leadership - House

#### *Republican*

The House Republican Caucus has already elected their Speaker Designee, Rep. John Diehl (R – Town & Country) who will become Speaker next session. Rep. Todd Richardson (R – Poplar Bluff) has announced he will run

for the Majority Floor Leader, which is being vacated by Diehl. Richardson is very well liked in his caucus and has already garnered overwhelming support from his colleagues. This and other leadership position elections will take place within the caucus following the November 2014 elections.

### *Democrat*

The Democratic caucus will also elect leadership in the fall. It is widely expected that Minority Leader Rep. Jake Hummel (D – St. Louis) will relinquish his position to take a new position at the AFL – CIO. There are several Representatives interested in this position, but there have been no announcements pending Hummel's decision.

### Leadership – Senate

### *Republican*

Sen. Tom Dempsey (R – St. Charles) is expected to remain at the helm of the Senate as President Pro Tem as is Sen. Ron Richard (R – Joplin) as the Majority Floor Leader.

### *Democrat*

Sen. Jolie Justus (D – Kansas City) is the current Minority Leader, but is term limited and will not return. There has been no formal announcement of any candidate for this office yet, however, Sen. Joe Keaveny (D – St. Louis) has seniority in his caucus and is thought at this point to be a front-runner.

### Upcoming Dates of Interest

Listed below are several key dates which may be of interest:

- July 1, 2014

First Day of the State's new fiscal year (FY 2015)

- July 14, 2014

Last day for Governor Nixon to sign or veto legislation

- August 28, 2014

Legislation enacted during the 2014 legislative session becomes effective unless the legislation carried a specific date or emergency clause

- September 9-10, 2014

Annual Veto Session in Jefferson City

- December 1, 2014

First day to pre-file legislation for the 2014 legislative session

- January 7, 2015

First day of the 2015 legislative session

Bills Truly Agreed To and Finally Passed (TAFP):

In an effort to provide you with direct access to the summary of all bills passed this legislative session, the following link will provide you with summaries and

full text copies of every bill that was Truly Agreed To and Finally Passed during the 2014 Missouri legislative session. **Please click on the following link: [http://www.senate.mo.gov/14info/BTS\\_Web/TrulyAgreed.aspx?SessionType=R](http://www.senate.mo.gov/14info/BTS_Web/TrulyAgreed.aspx?SessionType=R)**

If you would prefer a full text hard copy of any of these bills, please call the Jefferson City office (573-634-8760), and we would be happy to accommodate your request.

### Thank You

Let me take this opportunity to thank you for allowing us to represent your interests before the Missouri General Assembly in 2014. Our organization's goal is to keep you informed of all legislative/regulatory happenings in a very timely fashion. I hope we have done this to your satisfaction. We would appreciate any thoughts you might have as to how we can better serve you, our client, in the ever-changing world of information transmission. Please feel free to give us a call if we can answer any questions or provide any additional information regarding the 2014 Legislative Session, interim committees, the Veto Session, or the 98th General Assembly, which will convene on January 7, 2015.