

JOHN BARDGETT & ASSOCIATES

Governmental & Public Relations Consultants

MEMORANDUM

TO: MAPA

FROM: John E. Bardgett, Jr.

DATE: July 15, 2014

RE: Mid-summer Legislative Update

We hope that your summer is going well and you had a good Fourth of July! As you know, the 2014 legislative session ended on May 16th and there has been a flurry of activity since that time. With 3 weeks to go before Missouri's primary elections, we wanted to give you a brief update on Governor Nixon's actions on bills that were Truly Agreed To and Finally Passed by the legislature, budget update, and other items of interest in the political/legislative arena.

July 14th was the deadline for Governor Nixon to sign or veto legislation passed by the General Assembly. If the Governor takes no action on a bill, it automatically becomes law.

Record Number of Vetoes

The headline since the end of session is the record number of bills that Gov. Nixon has vetoed. Gov. Nixon vetoed a total of 33 bills out of 188 bills that were Truly Agreed To and Finally Passed by the General Assembly. This number surpasses his own record high of 29 bills vetoed last year.

The vetoed bills sets up a potential showdown between the Republican led legislature and Gov. Nixon in the upcoming annual veto session in September. Last year the legislature overrode 10 of Gov. Nixon's vetoes, the most ever to date. The House and Senate overrode Gov. Nixon's veto of an income tax cut bill during the regular legislative session this year. Many Capitol observers expect another record number of overrides in this year's veto session.

All bills passed by the General Assembly and signed by Governor Nixon will go into effect August 28, 2014 unless the bills contain an emergency clause or a specific effective date.

The following bills were vetoed by Governor Nixon:

1. SB 509 – phases in an income tax cut. (This bill was overridden during the session.)
2. HB 1132 - Increases the amount of tax credits for contributions to pregnancy resource centers available in each fiscal year to \$2.5 million.
3. HB 1261 - Changes the laws regarding audits for transportation development districts.
4. HB 1296 - Allows a seller to advertise that the required sales tax will be assumed or absorbed into the price of the property sold or the services rendered if the amount of the tax is separately stated.
5. HB 1307 - Changes the minimum waiting period before a woman can have an abortion from 24 hours to 72 hours.
6. HB 1326 - Establishes the Missouri Dairy and Agriculture Education Act of 2014.
7. HB 1359 - Authorizes the Missouri State Capitol Commission and the Office of Administration to enter into contracts for events held at the State Capitol and the Missouri State Penitentiary historic site.
8. HB 1455 - Changes the laws regarding burdens of proof for the director of revenue in ascertaining tax liability of a taxpayer.
9. HB 1553 - Adds Saline County public library district to the list of library districts allowed to levy a sales tax under section 182.802.
10. HB 1707 - Allows community college police officers to establish regulations to control vehicular traffic on any thoroughfare owned or maintained by the college.
11. HB 1865 - Modifies provisions of law relating to sales and use tax exemptions for utilities used or consumed in the preparation of food.
12. HB 1999 - Changes the laws regarding liens or encumbrances upon a motor vehicle or trailer.
13. SB 493 - Modifies provisions relating to elementary and secondary education.
14. SB 506 - Modifies provisions relating to agriculture.
15. SB 508 - Modifies various provisions relating to health insurance.
16. SB 523 – Prohibits school districts from requiring a student to use an identification device that uses radio frequency identification technology to transmit certain information.
17. SB 575 - Modifies and repeals a number of existing, expired or obsolete committees as well as creating the new Joint Committee on Judiciary and Justice.
18. SB 584 - Modifies provisions relating to taxation.
19. SB 593 - Modifies provisions relating to nonpartisan elections.
20. SB 612 - Modifies provisions relating to taxation.
21. SB 615 - Modifies provisions of law relating to court costs, civil fines, the Sunshine Law, immunity for law enforcement officers, judgeships, the crime of disarming of a peace officer, and court procedure.
22. SB 656 - Modifies provisions relating to firearms and corporate security advisors.
23. SB 662 - Requires the Department of Revenue to notify affected sellers of certain decisions modifying sales tax law.
24. SB 673 - Modifies the duration of unemployment compensation the method to pay federal advances, and raises the fund trigger causing contribution rate reductions.

25. SB 675 - Allows political subdivisions to assign operation of a retirement plan to the Missouri Local Government Employees' Retirement system.
26. SB 693 - Modifies provisions relating to taxation, fire sprinklers and merchandising practices.
27. SB 694 - Modifies the law relating to payday loans.
28. SB 727 - Modifies provisions relating to farmers' market and SNAP benefits.
29. SB 731 - Modifies provisions relating to nuisance ordinances and actions.
30. SB 829 - Modifies provisions relating to burden of proof in tax liability cases.
31. SB 841 - Modifies provisions relating to alternative nicotine or vapor products.
32. SB 860 - Modifies provisions relating to taxation.
33. SB 866 - Preempts local laws that would modify current law governing the manner in which traditional installment loan lenders are allowed to make loans.

The list of bills signed or vetoed by Governor Nixon can be viewed by clicking on the following link: <http://governor.mo.gov/news/legislative-actions>

You may view a copy of any of the Truly Agreed To and Finally Passed bills by clicking on the following link: <http://www.house.mo.gov/billreport.aspx?select=evergroupcode:1>

State Budget Review

Governor Nixon signed the Missouri State Fiscal Year 2015 Budget on June 24th. Along with his signature came approximately \$1.1 billion worth of budget cuts through line item vetoes and or spending withholds. The millions of dollars in vetoes and withholds made by the Governor to the budget passed by the General Assembly this past session has created skepticism from Republicans, apprehension from consumers of state services, and potential dangerous scenarios for our schools and state service providers.

The bleak financial picture the state of Missouri finds itself in is a fact. The state ended the Fiscal Year 2014 with a revenue decrease of 1%. However, Gov. Nixon through massive budget withholds and line-item vetoes in the budget, is attempting to use the threat of withholds on the affected parties and agencies as leverage on the legislature to not override any of the revenue decreasing bills that he vetoed.

Most of these bills were passed on the last day of the legislative session and has led Gov. Nixon to dub these bills "Friday's Favors," stating his staff's analysis shows the bills will cost the state hundreds of millions of dollars that have not been accounted for in the state's budget. It is unknown at this time if Governor Nixon will make further expenditure restrictions and or if the Republican-controlled House and Senate will override his laundry list of budget vetoes in September.

We will update you with any new information related to the current Fiscal Year 2015 Budget as it becomes available. To review the full list of budget vetoes and withholds, you may click on the following link:
<http://content.oa.mo.gov/sites/default/files/June%202014%20Budget%20Actions.pdf>

Missouri Senate Races to Watch:

The 2014 election cycle is upon us and there are several interesting Missouri Senate races shaping up.

24th Senatorial District – this seat is located in mid-St. Louis County where incumbent Sen. John Lamping (R – Ladue) decided not to seek reelection. There is a three way Republican primary in which Jay Ashcroft (R), son of former U.S. Senator John Ashcroft, Jack Spooner, attorney, and Dr. Robb Hicks, physician career consultant, are all seeking the Republican nomination. The Republican nominee out of these three will face Rep. Jill Shupp (D – Creve Coeur) who is the sole Democrat in the race. This district is evenly split Republican and Democrat and the Democrats are hoping to take back this seat in 2014.

2nd Senatorial District – this seat is located in western St. Charles County and is an open seat vacated by the term-limited Scott Rupp. This is a heavily Republican district and there is a heated three-way primary. Rep. Chuck Gatschenberger (R – Lake St. Louis) and former Representatives Vicki Schneider and Bob Onder will square off in the August 5th primary. All three candidates have self-funded their campaigns and have cash on-hand numbers that are fairly equal. The Republican nominee out of these three will surely be the next Senator.

22nd Senatorial District – this seat is located in Jefferson County and is an open seat vacated by the term-limited Ryan McKenna. This is a closely matched Republican and Democrat district and one the Republicans hope to put in their column in November. Rep. Jeff Roorda (D – Barnhart) will face Rep. Paul Wieland (R – Imperial) in the general election. Both the Senate Democratic Campaign Committee and the Senate Majority Fund are heavily involved in this race, with both giving large contributions to their respective candidates.

Candidates Declare for 2016 Election

With the 2014 elections just gearing up, many are looking ahead to the 2016 election cycle. Term limits in Missouri have forced election timetables earlier and earlier. We now have announced statewide candidates for Governor, Treasurer and Secretary of State. Below are a few new announcements. Gov. Nixon (D) and State Treasurer Zwiefel (D) are prohibited from seeking another term in their offices and Attorney General Koster (D) has already announced he will be running for Governor in 2016.

Schmitt Announces Run for State Treasurer

Sen. Eric Schmitt (R – Glendale) announced on July 2nd that he is running for Missouri State Treasurer in 2016. Sen. Schmitt had a campaign war chest of over \$850,000 before announcing his candidacy for State Treasurer last week, since the announcement he has received over \$400,000 in additional campaign contributions, boosting his campaign cash on hand to \$1.2 million. Sen. Schmitt is term limited in the Senate in 2016 and may not seek reelection. Schmitt appears to be ahead of the game as the first candidate in either party to announce his bid for MO Treasurer.

This announcement clears part of the bottleneck of what was shaping up to be a three way Republican primary for the Missouri Attorney General's race in 2016. Sen. Kurt Schaefer (R – Columbia) has announced his candidacy for MO Attorney General and

Speaker of the House Tim Jones has also indicated he is interested but has not announced his candidacy for the office.

Kraus Announces Run for Secretary of State

Perhaps feeling the pressure to jump into a statewide race, Sen. Will Kraus (R – Lee’s Summit) announced on July 10th that he is running for Missouri Secretary of State in 2016. Sen. Kraus is the first Republican to announce that he will be challenging the sitting Secretary of State, Democrat Jason Kander. Sen. Kraus’ term is not up until 2018, so if he were to lose the Secretary of State’s race, he would remain in the Senate for two years.

Sen. Kraus says he does not plan to form an official campaign committee until after the November general election.

Dates of Interest

- August 5, 2014 — Missouri Primary Election
- August 28, 2014 — Legislation enacted during the 2014 legislative session becomes effective unless the legislation carried a specific date or emergency clause
- September 10-11, 2014 — Annual Veto Session in Jefferson City
- November 4, 2014 — Missouri General Election
- December 1, 2014 — First day to pre-file legislation for the 2015 legislative session
- January 7, 2015 — First day of the 2015 legislative session

Thank You

Thank you for the opportunity to represent your interests before the General Assembly in Jefferson City. We strive to bring you the latest information on all legislative activities that are important to you, and we hope that we have done that to your satisfaction. Please do not hesitate to call or email me or one of my associates if we can be of assistance in answering any questions or providing additional information. Have a great rest of the summer!