

May 2010 End of Session Report

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TO: MAPA

FROM: John E. Bardgett, Jr.

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DATE: May 17, 2010

RE: End of Session Report

Budget

The 95th General Assembly, 2nd Regular Session came to a close on Friday, May 14 after 4 ½ months of frustrating battles on multiple fronts. The State Budget was the most discussed topic of the session. Despite the multi-million dollar deficit that budget crafters were forced to wrestle with, the Missouri Legislature passed the Fiscal Year 2011 Budget one entire week prior to the Constitutional deadline.

The members of the Joint House and Senate Budget Conference Committee were able to trim \$450 million from the differing budget proposals passed in both the House and Senate. However, the revenue projection for Fiscal Year 2010, which ends June 30, 2010, is expected to be down 10%, which leaves many capitol observers to believe that Governor Nixon will have to withhold legislatively approved funding from FY 2011 budgets. All eyes turn to the Governor's Office now, anxiously waiting for Governor Nixon's actions and just where he may identify line item vetoes to ensure the \$23 billion budget is officially balanced.

Ethics Reform

Other hotly debated legislative issues included ethics reform, tax credit reform, and jobs. Ethics reform hit its climax with one week left in the session. While there was much political lip service given to ethics reform from both parties, what ultimately passed as ethics reform was a greatly watered-down version from what the House Ethics Committee had originally proposed in their bill. The conference committee agreed to remove all campaign donation limits and sought a workable limit on committee-to-committee transfers, which was dubbed by many as the "money laundering" provision. The conference committee also agreed to beef up enforcement power of the Missouri Ethics Commission to initiate its own investigations. After several versions of conference committee reports, the bill SB 844 was finally passed by the General Assembly.

Tax Credit Reform / Economic Development

Tax credit reform, which has been discussed in the Senate for the last few sessions, led by Sen. Crowell (R - Cape Girardeau), Sen. Purgason (R - Caulfield) and other fiscal "budget hawks" in the Senate were joined in their efforts this session by Governor Nixon. Governor Nixon proposed a wholesale change in the way most tax credit programs are administered and also included an umbrella cap at \$314 million for most programs. His proposal would have set up 6 broad categories of tax credits and would have given the Department of Economic Development wide-ranging discretion over the issuance of tax credits. In the end, the tax credit reform bills were never voted on in the General Assembly and as a result, no significant economic development proposals ultimately passed the legislature, including a last minute full-court press by the Governor and a handful of legislators to approve an economic incentive package for the Ford Motor plant located

outside of the Kansas City area. Some capitol observers have remarked over the irony of the fractured economic development □community□ with those that are ardent supporters of tax credits, working to keep the economic development bills from coming to the Senate floor for fear that the □reform□ proposals would be attached. We fully expect this debate to continue throughout the interim and to again be a top priority for several Senators as well as Governor Nixon next session. We should note that House Majority Floor Leader, Rep. Steve Tilley (R □ Perryville) had vowed that tax credit reform was □dead on arrival□ in the House of Representatives and he stayed true to that pledge both in words and in action.

Slow Session

There were 1,945 pieces of legislation filed during the 2010 legislative session. In the end, a total of only 106 bills, 32 Senate bills and 74 House bills, passed the General Assembly and await the Governor□s action and that number includes the 14 appropriation bills. This is the lowest number of bills passed by the Missouri General Assembly since 2000. While election years are typically □slower□ than other legislative sessions and fewer bills usually get passed during these years, this was a near-record low number of bills that passed the legislature. The overwhelming budget deficit, the upcoming November elections and the term-limited environment in which we now live, all seemed to come together for the □perfect storm□ effect of passing little more than non-binding resolutions aimed at directing the Federal Government to not overstep its bounds whether with Cap and Trade, healthcare reform or simply to restate Missouri□s sovereignty as allowed by the 10th Amendment in the U.S. Constitution.

Term Limits & Elections:

2010 is an election year for all 163 members of the House of Representatives, half of the members of the Missouri Senate, one of our 6 statewide elected officials, the State Auditor, and one of our U.S. Senate seats. In the era of term limits as with the large new class of legislators that came to the Capitol in 2002, there could be over 90 new members of the legislature when the 96th General Assembly convenes in January 2011.

- 10 members of the Missouri Senate are term-limited.
- 52 members of the Missouri House of Representatives are term-limited

Highlights of bills Truly Agreed To and Finally Passed (TAFP):

- DWI □ adds penalties to DWI laws; sets up DWI docket courts □ HB 1695
- Autism Insurance Coverage □ HB 1311
- Ethics Reform □ SB 844
- Abortion □ adds regulations to the 24 hour informed consent laws □ SB 793
- Merger of Highway and Water patrol □ HB 1868
- Mechanics liens □ changes in the residential mechanics liens □ HB 2058
- Access scholarships □ equalizes the amounts of the scholarship □ SB 733
- Medicaid reform □ part of the Rebooting Missouri effort □ SB 1007
- K2 ban □ adds K2 to list of controlled substances □ HB 1472
- Sexually Oriented Businesses □ regulates sexually oriented businesses □ SB 586
- Sunshine Law □ expands notice for some government meetings □ SB 851

Highlights of Bills That Did Not Pass

- Economic Development □ MoSIRA, et al - SB 895
- Tax Credit Reform □ capping programs at \$314 million □ HB 2399
- State Pensions □ part of the Rebooting Missouri effort □ SB 714 & HB 2357
- Voter ID /Advance Voting □ HJR 64 & HB 1966

- Red Light Cameras □ ban on red light cameras □ HB 2111
- Local Control □ allow for locally controlled police force in St. Louis □ HB 1601
- Zoo Museum District □ allow the St. Louis ZMD to charge admission □ SB 903
- Education Consolidation □ combine K-12 and higher education □ SJR 44 & 45
- Smoking Ban □ Clean Indoor Air Act □ SB 904

For all bills that were TAFP, Governor Nixon has until July 14, 2010 to either sign or veto bills passed during the 2010 legislative session. All bills signed into law by the Governor will become effective August 28, 2010 unless the specific legislation carries a different effective date.

You will be receiving via regular mail, summaries of Truly Agreed to and Finally Passed bills from us. You can also find them on line at the following link:

<http://www.house.mo.gov/news.aspx?id=363>

In addition, a full text copy of any of the bills can be sent to you if you request it from our Jefferson City office at 573-634-8760.

Dates of Importance

July 14,

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