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## FINAL 2021 LEGISLATIVE REPORT

### *City of Independence*

The First Regular Session of the 101<sup>st</sup> Missouri General Assembly adjourned on Friday, May 14<sup>th</sup> at 6:00 p.m. This legislative session began with high hopes for the 31 new House Republican members who joined the super majority in January to begin their legislative careers. Major priorities such as increasing the thresholds for initiative petitions generated by the public for a statewide vote, protecting 2<sup>nd</sup> Amendment gun rights from federal overreach, creating revenue for repairs to roads and bridges, tort reform, authorizing and regulating video lottery machines and sports wagering, school choice education reform, and stopping Medicaid expansion were the most debated Republican priorities with only a few making it to final passage and the Governor's desk. The 19 new Democratic members of the House faced the harsh reality of being in the super minority in a very partisan body.

Both the House and Senate took new and unique measures to navigate the pandemic in January and February with virtually no one attending legislative committee meetings, other than legislators. 90% of the legislative offices required appointments to be made in advance and limited in office visits to 2 persons with masks. By March 1<sup>st</sup> with mass vaccinations and others just tired of Covid restrictions, the legislature changed their tone and attempted with numerous bills to reign in the local health departments authorization to enact business/personal/church restrictions. St Louis County Executive, Dr. Sam Page, became the poster child for the constant Republican legislative attacks on his Covid policies which were considered to be unnecessarily restrictive. A very watered down change to local health department authority finally passed.

This session had the usual drama between the two chambers. However, this year the session started off with a tussle between the Republican Speaker and the Republican Governor over use of the House Chamber for the Governor's annual State of the State Address which is given to a Joint Session of the House and Senate every January in the House Chamber. It seemed a rather trivial matter to most observers, however a very deep rift emerged between the Speaker and the Governor which permeated the entire session and still exists. By the way, the Governor gave his State of the State Address on the day and at the time he wanted. BUT he did so in the Senate Chamber with only

a handful of House members attending. Additionally, the House Ethics Committee recommended to the full House the censoring of one member (D) for inappropriate behavior with an intern and the expulsion of another member (R) for sexual abuse of his children. It was the first time since the Civil War that the House had expelled one of their members. Many House members were frustrated by the slow pace at which bills were allowed to be placed on the calendar for debate by the Speaker.

The Senate moved slowly and with deliberation, even more so than in past sessions. With 24 Republicans and 10 Democrats making up the Senate, most observers would speculate that the Republicans could very easily force their agenda down the throat of the minority party with a great deal of regularity. The super majority of Republicans in the Senate have now established 2-3 internal cliques with the most prominent being the Conservative Caucus. They have stalled and killed many of their fellow Republicans priority legislation and have on several occasions found themselves in alignment with the Black Caucus and that is a formidable, combined force on the Senate floor, usually to defeat a piece of legislation. The Senate Democrat minority members have often joked about the fact that they were prepared to filibuster bills they opposed. BUT they didn't need to as certain Republican members were always filibustering another Republican Senator's bills.

As usual, we saw numerous pieces of legislation emerge into massive omnibus bills at the end of session. Lawmakers want to see their special projects and/or local needs addressed and will push them across the finish line any way they can. The unusual twist in this process was that in creating omnibus bills with such a diverse variety of topics, it left lawmakers unsure of how they should vote on a bill with multiple subjects included. Additionally, this process created a near impossible environment for the public to understand or know what is included in these omnibus bills. Capitol observers have dubbed these types of bills, Christmas trees. They are loaded up with ornaments even if the ornaments (legislation) may be unrelated.

Each legislative session is unique in that some event, battle, or social event that becomes the topic you can always rely on for someone to bring up in a conversation throughout the four and a half months of session. This session it was the early March retirement announcement of Missouri's senior US Senator Roy Blunt (R). This announcement almost 2 years in advance of his next election (August/November 2024), shocked most political observers and opened the floodgates for aspiring politicians seeing their once in a lifetime opportunity. As 3-4 members of the US House of Representatives excitedly have expressed great interest in the senate seat, State Senators and State Representatives all began planning how to fill those Congressional seats and the domino effect continued. As Missouri has become a bright RED state, all these Republican politicians have been re-thinking how they should vote on certain issues to appease the RED/Trump base, as they may be vying for their votes in a Congressional or US Senate race.

### Gas Tax Passes

Missourians will see an increase in their fuel tax beginning this October with a 2.5 cent increase from the current 17 cent fuel tax. There will be a 2.5 cent increase each year until it is reached an additional 12.5 cents per gallon on July 1, 2025. The current fuel tax in the state of Missouri is 17 cents per gallon and has not be increased since 1992. Voters have twice rejected statewide fuel tax referendums. This fuel tax does not require a statewide vote of the people due to the inclusion of a rebate provision for residents who keep their receipts and submit them for rebate to the Department of Revenue.

### American Rescue Plan

President Biden's American Rescue Plan (ARP) will bring nearly \$2.7 billion of flexible federal aid to the State of Missouri to help Missourians rebound from the pandemic. Federal guidelines to the states as to how these funds could be distributed were released on Monday, May 10<sup>th</sup> by the U.S. Treasury Department. States can immediately start applying for their share of ARP funds. Governor Parson and state legislative and budget leaders did not include the flexibility of the ARP funds in the recently passed FY2022 state budget. Following the adjournment of the legislative session May 14<sup>th</sup>, state officials and legislative leaders will begin the process of reviewing the federal guidelines for eligibility of ARP funds and begin preparing recommendations for the legislature to consider in late summer or fall. Many capitol observers and legislators predict that Gov. Parson will call a Special Session of the Missouri legislature to approve expenditures of the ARP funds. It is widely rumored that the Governor may call the Special Session to coincide with the annual legislative VETO Session on September 15, 2021. States will have until the end of 2024 to spend the ARP funds. In addition to the ARP state aid the federal law also provides about \$2.5 billion for Missouri's cities and counties that will be distributed directly to them. Additionally, the state of Missouri still has from President Trump's CARES Act funds which have not been spent yet. To learn more about the coronavirus state and local fiscal recovery funds you can to [treasury.gov/SLFRP](https://treasury.gov/SLFRP).

### General Session Information

There were over 2,200 pieces of legislation filed during the 2021 legislative session with 66 bills making it all the way through the process to final passage. This includes 18 appropriation bills.

The Governor has until July 14, 2021 to either sign or veto bills passed during the legislative session. All legislation passed by the General Assembly, if signed into law by the Governor, will become effective on August 28, 2021 unless the legislation provided for a specific effective date or contained an emergency clause. If the Governor takes no action, the bill becomes law.

### 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 link below will provide you with summaries and full text copies of every bill that was Truly Agreed to and Finally Passed during the 2021 Missouri

legislative session including any House or Senate bill you see referenced in this report: [TAFP 2021](#)

### Major Topics that Passed

- [Tort Reform \(HB 345\)](#) – Modifies provisions relating to the enforcement of arbitration awards and intervention in court proceedings for insurance companies with their customers.
- [COVID Liability \(SB 51\)](#) – Establishes provisions relating to civil actions arising from the COVID-19 pandemic.
- [Gas Tax \(SB 262\)](#) – Adds an additional tax on motor fuel, beginning with 2.5 cents in October 2021, and increasing by 2.5 cents in each fiscal year until reaching an additional 12.5 cents per gallon in 2025.
- [SAPA \(HB 85\)](#) – Establishes the "Second Amendment Preservation Act," which creates additional protections to the right to bear arms including civil penalties for police agencies which enforce federal law.
- [PDMP \(SB 63\)](#) – Creates a statewide "prescription drug monitoring program."
- [Wayfair \(SB 153\)](#) – Establishes the mechanism for Missouri to collect tax on internet sales, the legislation also creates a potential income tax cut, and it phases out the elimination of the cable franchise fee paid to municipalities.
- [Education Vouchers \(HB 349\)](#) - Establishes the "Missouri Empowerment Scholarship Accounts Program," which is a tax credit that can be utilized by a student's family to attend a private or home school of their choice.
- [College Athletes \(HB 297\)](#) – Allows college athletes to financially benefit from the use of their names, image, and likeness.
- [Police Reform \(SB 53\)](#) – Prohibits respiratory choke holds by law enforcement and creates a police officer use of force database.
- [Utility Securitization \(HB 738\)](#) - Creates provisions allowing electrical corporations to issue bonds to finance energy transition costs.
- [Restrictions on Local Health Orders \(HB 271\)](#) - A political subdivision shall not issue a public health order closing an entity for longer than 30 days without approval of a majority of its governing body. \_

### Major Topics that Failed to Pass

- [FRA](#) - Extends the sunset on the Federal Reimbursement Allowance Tax on Hospitals, Nursing Homes and Pharmacy's.
- [Medicaid Expansion Funding](#) – Missouri's 10% share to draw down the Federal Government's 90% share to cover constitutionally required Missourians under the Medicaid Program. \_
- [Initiative Petition Reform](#) - Modifies provisions for initiative petitions, making it more difficult to be placed on the ballot and increases the voter threshold required for approval in order to change the Missouri Constitution.
- [Election Reform](#) – requires photo identification to vote and establishes no excuse absentee voting.
- [Charter School Expansion and Funding](#) - would expand locations where Charter schools in Missouri can be located and increases local tax dollars that go to Charter schools.

- VLTs/Sports Book Gaming – Establishes the Missouri Video Lottery Control Act allowing for video lottery terminals and legalizes sports wagering in Missouri.
- Biodiesel Fuel Mandate – Makes it illegal to sell diesel fuel in Missouri that doesn't contain at least 10% biodiesel.
- Grain Belt Express – creates eminent domain restrictions to protect property owners from a potential transmission line running across rural Missouri.
- Unemployment Compensation – would force the state to provide overpayment forgiveness on unemployment compensation it unknowingly sent out to recipients.

### Fiscal Year 2022 State Budget

The Missouri State Operating Budget for Fiscal Year 2022 is a \$35 billion spending package for state programs and services that will begin on July 1. Governor Parson has until June 30<sup>th</sup> to review the budget and determine if he will approve, line-item veto, and/or withhold any of the various budget line items.

A major highlight of the state budget is increases for various entities that were cut or withheld last session due to the pandemic's arrival and the forecasted revenue decline that would follow. Thankfully for Missouri that prediction never transpired, and Missouri continues to hold strong revenue collections with 16% growth from this time last year. Increases were approved for healthcare providers, higher education institutions, childcare, transportation cost-share projects, public-school transportation, and charter schools.

One major hurdle the budget process faced this session was funding Medicaid expansion as passed by a vote of the people. Governor Parson recommended the funding in his executive budget, but the House and Senate did not follow. However, the House and Senate did move \$500 million into a new fund called, Medicaid Stabilization Fund. The funding will come from the enhanced Federal Medical Assistance Percentage (FMAP) that is provided from the Federal Government.

The Parson Administration is not expected to finalize the state operating budget until the latter part of June.

### Legislative Activity of Specific Interest

Gas tax legislation, Wayfair, and passage of a statewide prescription drug monitoring program are just a few of this year's legislative successes that Independence has supported the past several years. We were also successful in "watering down" or stopping a lot of legislation that was introduced this session by legislators infuriated by local governments response to COVID-19. Two pieces of legislation that did make it to final passage that you will want to review closely are the altered "local health order restrictions" included in HB 271 and the property tax abatement language included in SB 226. We were successful in watering down both pieces of legislation significantly from their original forms, but both will still have an impact. HB 271 and SB 226 both currently sit on the Governor's desk awaiting his signature or veto motion.

### Wayfair / Video Franchise Fee Reduction - Passed

This “Wayfair” legislation, SB 153, has been worked on and supported by legislators, local governments, and retailers for the past several years following the U.S. Supreme Court “Wayfair” decision stating that states can require businesses without a physical presence in a state to remit taxes on transactions made in the state. This legislation will allow Missouri to collect a use tax on online purchases, leveling the playing field between brick and mortar retailers and online retailers, and provide the state and local governments with a new revenue source. The passage of this legislation was a high priority of Governor Parson and is supported by local governments.

The “Wayfair” bill, SB 153, is a “compromise” proposal that contains various other tax provisions to ease “tax increase” concerns from conservative members of the legislature. Two of these provisions include a delayed reduction of the cable franchise fee down to 2.5% starting in 2023 and an individual income tax cut.

### Local Health Authority Preemption - Passed

Mask mandates, business closures, visitation eliminations in assisted living facilities, and gathering limitations set in response to the COVID-19 pandemic were seen as overly intrusive in individual and business rights and devastating to the Missouri economy by a lot of Missouri legislators. This reaction led to an abundant amount of bills being introduced this session stripping the power from local government officials and their health boards/authorities. SB 12 in the Senate and HB 75 in the House were the two bills that gained most traction early in session. Senators that support local control were actively working with local government lobbyists and the Senate Conservative Caucus on this issue to reach a compromise on a more reasonable approach that will still give local governments the ability to quickly respond to health emergencies in the future. After refusing to compromise on language resulting in the defeat of SB 12 on the Senate floor, a watered-down compromise was eventually reached that was added to a local government bill that reached final passage and now awaits the signature or veto motion of Governor Parson, HB 271.

Gas Tax – SB 262 was Truly Agreed to and Finally passed in the final week of session. It was unclear throughout the legislative session if this bill would make it through the traditionally anti-tax House of Representatives. Proponents of the legislation fought hard for its passage with the final hurdle being the defeat of an amendment to send the tax proposal to a vote of the people. This legislation will increase Missouri’s gas tax by 12.5 cents over the next 5 years, starting in October of 2021 once the Governor signs the bill. 15% of this new revenue will go to cities.

### Property Tax Legislation - Failed

There was a major focus of legislators this session surrounding the topic of property tax reform. There were over 50 pieces of legislation filed, all dealing with certain types of exemptions or elimination of real or personal property tax in the state of Missouri. Hours and hours of debate on the floor of the House and Senate took place as both Democrat and Republican legislators discussed the outrageously high property taxes Missouri citizens pay and the need to provide Missouri citizens relief from this

local government overreach. School districts, fire districts, county governments, and every entity impacted by a reduction in property taxes were very vocal in their opposition to the various bills.

Sen. Bill Eigel (R – St. Charles County) was probably the most outspoken with his efforts to eliminate personal property tax in the state of Missouri. His last “compromise” property tax reform legislation included the phase out of all personal property tax at the same increment that real property tax increases. I expect that we will see a reoccurrence of this type of legislation in January 2022 as politicians love to be able to go home and tell their constituents that they reduced their taxes.

#### Police Reform/Police Issues - Passed

Sen. Brian Williams (D – St. Louis County) has spent a lot of his time over the past two years working to get a police reform package passed in the Missouri legislature. SB 53 & 60 contains multiple provisions he has been pushing for including prohibiting law enforcement from using choke holds. The police reform package was paired with multiple other law enforcement related provisions to gain support from a wide range of legislators including a residency requirement lift for the Kansas City Police Department. The bill was Truly Agreed to and Finally Passed and now awaits the Governor’s final action.

The Law Enforcement Bill of Rights (LEBOR) bill, SB 26, ensuring law enforcement officers have the right to due process and includes multiple other law enforcement and public safety provisions such as limiting the amount a local governing body can decrease their law enforcement budget in a year. The bill was Truly Agreed to and Finally Passed and now awaits the Governor’s final action.

#### Gun Legislation

Once again, we saw about 70 pieces of legislation introduced in the Missouri Legislature by conservative Republicans and second amendment rights advocates to loosen Missouri’s already very lax gun regulations. Fear of what actions the Biden Administration would take on gun control caused an even more frantic need for conservatives to pass the Second Amendment Preservation Act (SAPA) and the shooting and death of an unarmed St. Louis MetroLink security guard lead to a strong effort to pass legislation allowing firearms on public transit, including threatening to restrict funding to entities that prohibit riders from carrying firearms. Ultimately, HB 85, the SAPA bill was Truly Agreed to and Finally Passed as part of a deal Democrats made involving the FRA (Federal Reimbursement Allowance) bill.

Other gun legislation that was introduced that did not make it to final passage include bills that remove all of the current locations that conceal and carry is prohibited (schools, churches, campuses, etc.), bills that will allows guns to be carried on public transportation, and bills that prohibit public entities from doing business with financial institutions that discriminate against firearms manufacturers. I am confident these will be reintroduced next legislative session.

### Prescription Drug Monitoring Program (PDMP) - Passed

After a 9-year endeavor by Sen. Holly Rehder (R – Sikeston), the Missouri Legislature finally joined the other 49 states by passing legislation creating a statewide PDMP. SB 63 was vocally supported by a large population of the health care industry including the Missouri Pharmacy Association, the Missouri Hospital Association, and the Missouri Medical Association, as well as law enforcement and local governments across the state. SB 63 now sits on the Governor's desk and awaits his action.

### Failure to Appear – Failed

Unfortunately putting back in statute, the ability for municipal judges to suspend driver's licenses didn't make it across the finish line. Successful House and Senate hearings were held on the matter as well as the provision being added to three other transportation bills. Ultimately the opposition of the Attorney General, the House and Senate Black Caucuses, and Conservative members of the legislature was too much to overcome. The Attorney General's legislative liaison passed along the Attorney General's solution to this problem which is to issue bench warrants and start arresting people for minor traffic violations.

### Other Legislation of Interest

There are hundreds of pieces of legislation introduced every year that impact the City of Independence. We are very appreciative and work very closely on a daily basis with Zach Walker and John Mayfield getting their feedback on issues as they arise in Jefferson City. If there is any information in this report you have questions about, please reach out to us and we will get you any information requested.

We have also worked on various other issues where state government is involved this past year, including securing the ability to control your own local health department again, fast tracking SEMA reimbursements, and helping get an Executive Order from the Governor regarding first responders gaining protections during COVID. We have a plan to address your needs during the interim from the legislative session regarding Comprehensive Mental Health Services (CMHS) and how to obtain these funds as the legislature determines how to distribute federal dollars as a result of Covid.

Below is a list of bills which were Truly Agreed to and Finally Passed that might be of interest to your organization. We encourage you to review them here – [TAFP 2021](#)

- HB 69 – Metal
- HB 271 – Omnibus Local Government Bill and Public Health Order Restrictions
- HB 362 – Government Transparency and Closed Records
- HB 369 – Prohibits Political Subdivisions from Putting Camera's on Private Land
- HB 661 – Omnibus Transportation Bill
- HB 685 – Public Offices
- SB 5 – Taxation / AIM Zones
- SB 26 – Law Enforcement Bill of Rights
- SB 36 – Capitol Complex Tax Credits
- SB 44 – Prohibits Restrictions on Energy Choice Connection to Homes
- SB 51 – Civil Actions



- SB 53 – Police Reform Package
- SB 57 – Criminals
- SB 63 – PDMP
- SB 72 – State Designations
- SB 85 – Right to Bear Arms / SAPA
- SB 86 – Prohibiting the use of Public Funds to Influence Elections
- SB 176 – Regulations of Personal Delivery Devices and E-Bikes
- SB 226 – Omnibus Property Tax and Sales Tax Legislation/Property Tax Abatement
- SB 262 – Gas Tax
- SB 303 – Workers Comp

### Upcoming Dates of Interest

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

- July 1                      First Day of the State's new fiscal year (FY 2022)
- July 14                     Last day for Governor to sign or veto legislation
- August 28                 Legislation enacted during the legislative session becomes effective unless the legislation carried a specific date or emergency clause
- September 15             Annual Veto Session in Jefferson City
- September 18             Inaugural Ball / Bicentennial Celebration
- December 1              First day to pre-file legislation for the 2022 legislative session
- January 5, 2022         First day of the 2022 legislative session

### Governmental Affairs Communication

Let us take this opportunity to thank you for allowing us to represent your interests before the Missouri General Assembly in 2021. Our goal is to keep you informed of all state legislative happenings in a very timely fashion. We 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. As always, if anything arises during the interim of interest to your legislative priorities, we will update you accordingly.