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Executive Briefing

May 8, 2009

Legislature beats the budget deadline

The General Assembly this week sent the budget bills to the governor about 22 hours ahead of the constitutional deadline (6pm today). The operating budget totals about \$23 billion, propped up with \$783 million in federal budget stabilization funds. Education is fully funded, but several programs and a number of employees were cut. Big cuts to ITSD, which we feared, were largely mitigated.

The legislature resisted the temptation to “spend it all.” In total, the budget bills commit \$1,230,600,000 of federal budget stabilization funds to prop up the operating budget and on several one-time projects. That’s a lot of money, but it still leaves \$966.8 million in federal budget stabilization funds unspent for FY ’10. Also, there is an estimated \$150 million reserve of general revenue funds (unless the legislature decides to spend the money on expanding Medicaid, which is unlikely).

Senate Appropriations Chairman Gary Nodler predicts the state will need to use \$711.3 million of the federal budget stabilization money to plug holes in the FY ’11 budget – which would still leave \$255.5 million in federal budget stabilization funds unspent at the end of June, 2012.

On top of all of this, budget bills 15

(<http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0015T.PDF>) and 21

(<http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0021S.03C.PDF>) spend about \$2.2 billion of federal “stimulus” dollars – the money we’re supposed to spend in a hurry. Some of the numbers are very eye-popping. You can also see how we’re spending \$381 million of the federal budget stabilization funds in HB 22 here: <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0022S.04F.pdf>.

The spending of the federal money has a number of legislators worried about what lies ahead. “The truth of the matter is we’re borrowing money that we can’t afford to pay back,” noted Sen. Matt Bartle (R-Lee’s Summit).

“We’ve seen a lot of legislators walking around with smoke coming out of their trousers because this money was just burning holes in their pockets,” observed Sen. Jack Goodman (R-Mount Vernon).

“It’s money that hasn’t even been printed yet!” decried Rep. Darrell Pollock (R-Lebanon).

Upon passage of the budget, Gov. Nixon said, "In many areas, the budget passed by the legislature will help move Missouri forward. On the issue of healthcare, however, the legislature's work is far from done."

He's referring to the refusal by the House to go along with a plan to expand Medicaid coverage to about 35,000 people by using hospital taxes to draw down federal dollars.

Another Medicaid showdown looms

The timely passage of the budget bills was facilitated by a compromise – essentially, putting off the "final" decision on expanding Medicaid coverage to next week. The House is set to take up SB 306 early next week (the latest version is available here: <http://www.senate.mo.gov/09info/pdf-bill/hcs/SB306.pdf>). SB 306 is the last realistic vehicle for those wanting to expand Medicaid to an additional 35,000 people. This will be one of the dominating debates of the final week.

House Republicans don't want to do it. The Senate does, and the governor does. House Democrats have seized upon the issue, claiming the Republicans are sowing the seeds of their own demise. "The voters here in the state of Missouri will have the last laugh," predicted Rep. Jamilah Nasheed (D-St. Louis).

The federal stimulus money has long, long strings

Here's a story that probably frightens budget officials in many states. According to the *Los Angeles Times*, the Obama administration is threatening to rescind billions in stimulus money if California governor Arnold Schwarzenegger and legislators don't restore wage cuts to unionized home healthcare workers.

As part of its budget process, California cut the wages of the workers from \$12.10/hour to \$10.10/hour, saving the state \$74 million. Now the Obama administration says if the cuts aren't restored, California will lose \$6.8 billion in federal stimulus dollars.

The workers are represented by the Service Employees International Union, which asked the Obama administration to step in.

The obvious question is this: how much control have the states (including Missouri) handed to the Obama administration in exchange for the stimulus money?

Money is tight

The status of the state's checkbook can best be described as "day-to-day." The April revenue numbers were awful: business taxes were down more than 19%; sales taxes were down 7%; income taxes were down 4%.

Things are so bad, the state is intentionally holding on to income tax refund checks to make sure the check doesn't bounce. "Sometimes we have to hold those up to make sure we have enough cash on hand," admitted state budget director Linda Luebbering.

A busy week of passing bills

The General Assembly truly agreed to 64 bills this week, including the budget bills, with 63 of them going to the governor and one directly to the ballot. In the list below, links are provided to the actual bill text only when the “truly agreed” language is posted. In some cases, particularly those passed late in the week, the researchers might not have had the time to blend amendments into the final posted language.

- SB 161 removes certain limitations on investments made by boards of trustees of police and firemen's retirement systems. <http://www.senate.mo.gov/09info/pdf-bill/perf/SB161.pdf>
- SB 224 modifies the requirements of restated articles of incorporation. <http://www.senate.mo.gov/09info/pdf-bill/perf/SB224.pdf>
- HB 2 appropriates money for the State Board of Education and Department of Elementary and Secondary Education.
- HB 3 appropriates money for the Department of Higher Education.
- HB 4 appropriates money for the Department of Revenue and Department of Transportation.
- HB 5 appropriates money for the Office of Administration, Department of Transportation, and Department of Public Safety.
- HB 6 appropriates money for the Department of Agriculture, Department of Natural Resources, and Department of Conservation.
- HB 7 appropriates money for the departments of Economic Development, Insurance, Financial Institutions, Professional Registration, Labor and Industrial Relations.
- HB 8 appropriates money for the Department of Public Safety.
- HB 9 appropriates money for the Department of Corrections.
- HB 10 appropriates money for the Department of Mental Health, Board of Public Buildings, and Department of Health and Senior Services.
- HB 11 appropriates money for the Department of Social Services.
- HB 12 appropriates money for the statewide elected officials, the Judiciary, Office of the State Public Defender, and General Assembly.
- HB 13 appropriates money for real property leases and related services.
- HB 15 appropriates money for supplemental purposes for the several departments and offices of state government. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0015T.PDF>
- HB 17 appropriates money for capital improvement and other purposes as provided in Article IV, Section 28. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0017S.03C.PDF>
- HB 21 appropriates money for supplemental purposes. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0021S.03C.PDF>
- HB 22 appropriates money for capital improvement projects, and to transfer money among certain funds. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0022S.04F.pdf>
- HB 82 modifies provisions of law authorizing an income tax exemption for certain retirement benefits and creates a six year phased-in income tax exemption for military retirement income. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0269S.05C.PDF>
- HB 709 modifies provisions relating to voter notification cards. <http://www.house.mo.gov/billtracking/bills091/billpdf/perf/HB0709P.PDF>
- HB 716 adds provisions related to newborns and newborn screenings. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/1522S.03C.PDF>
- HB 909 authorizes the Governor to convey certain state property.
- SB 1 establishes licensing and contract requirements for preneed funeral contract sellers, providers, and seller agents.

- SB 147 establishes the Missouri Healthy Workplace Recognition Program. <http://www.senate.mo.gov/09info/pdf-bill/hcs/SB147.pdf>
- SB 154 authorizes nonprofit sewer companies to provide domestic water services in certain areas. <http://www.senate.mo.gov/09info/pdf-bill/hcs/SB154.pdf>
- SB 338 modifies provisions relating to crime victims. <http://www.senate.mo.gov/09info/pdf-bill/hcs/SB338.pdf>
- SB 157 codifies into law the five regional autism projects currently serving persons with autism. <http://www.senate.mo.gov/09info/pdf-bill/tat/SB157.pdf>
- SB 217 allows remote participation in certain corporate shareholders' meetings.
- SB 235 modifies various provisions pertaining to manufactured homes and allows for the sale of deficiency waiver addendums with respect to certain loan transactions.
- SJR 5 requires all assessors, except in Jackson County, to be elected. <http://www.senate.mo.gov/09info/pdf-bill/tat/SJR5.pdf>
- HB 93 exempts tractors used in tractor parades from certain width, length, height and license plate display regulations under certain circumstances. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0093T.PDF>
- HB 103 modifies provisions relating to public safety. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0103T.PDF>
- HB 111 provides funeral establishments with immunity from liability with regard to disposal of unclaimed veterans' cremated remains. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0111T.PDF>
- HB 132 allows certain charitable organizations to begin selling liquor at 9:00 a.m. instead of 11:00 a.m. on Sundays. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0531S.03F.pdf>
- HB 171 excuses tenant from paying rent when his or her residence is destroyed by an act of God or other natural or man-made disaster, provided the tenant was not the cause of the disaster. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0171T.PDF>
- HB 177 gives the judge presiding in certain sexual offense cases discretion to disclose information regarding the defendant, which could be used to identify the victim, to avoid protecting the defendant's identity. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0177T.PDF>
- HB 205 prohibits the sale of cigarettes in this state that have not been tested, certified, and marked as meeting certain performance standards (self-extinguishing). <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0205T.PDF>
- HB 218 modifies the eligibility rules for health insurance coverage under the Missouri Health Insurance Pool. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0218T.PDF>
- HB 236 requires school districts to adopt policies to allow students with a disability to participate in graduation ceremonies with their graduating class. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0236T.PDF>
- HB 237 modifies provisions relating to courts. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0237T.PDF>
- HB 239 modifies laws regarding the management of funds by the University of Missouri board of curators, charities, trustees of certain irrevocable trusts, and personal representatives and conservators of estates.
- HB 247 modifies provisions relating to review of advanced practice registered nurses by collaborating physicians and the definition of eligible student for the nursing student loan program. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/0734S.06F.pdf>

- HB 257 allows Lincoln County, after meeting the required assessed valuation, to become a second class county upon a vote of the governing body to change classifications. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0257T.PDF>
- HB 272 establishes the Alzheimer's State Plan Task Force. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0272T.PDF>
- HB 299 removes the cap on appropriations of nonresident entertainer and athlete tax revenues to the Missouri Arts Council. <http://www.house.mo.gov/billtracking/bills091/billpdf/perf/HB0299P.PDF>
- HB 326 modifies provisions relating to certain mental health professionals. <http://www.house.mo.gov/billtracking/bills091/hlrbillspdf/1254S.03C.PDF>
- HB 359 removes certain statutory restrictions on the current design-build highway project process to allow the state highways and transportation commission to enter into more design-build highway project contracts. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0359T.PDF>
- HB 506 requires the Governor to annually issue a proclamation declaring the first week of March as Math, Engineering, Technology and Science Week. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0506T.PDF>
- HB 544 requires the Commissioner of the Office of Administration to maintain the Missouri Accountability Portal. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0544T.PDF>
- HB 644 requires operators of salvage pool or salvage disposal sales, rather than sellers, who sell non-repairable vehicles to foreign residents to complete certain statutory duties. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0644T.PDF>
- HB 661 modifies provisions pertaining to programs administered by the Department of Natural Resources. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0661T.PDF>
- HB 667 removes the 12-month grace period that newly elected sheriffs are allowed in order to become a licensed peace officer in order to execute police powers beginning January 1, 2010. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0667T.PDF>
- HB 740 extends the expiration date of various federal reimbursement allowances from 2009 to 2011.
- HB 752 eliminates the position of Transportation Inspector General for the Joint Committee on Transportation Oversight and modifies the law regarding the leadership of the Highways and Transportation Commission. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0752T.PDF>
- HB 836 requires certain notices to occupants of residential property in cases of foreclosure before the new owner may bring an action seeking possession of the property. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0836T.PDF>
- HB 842 defines certain boat docks as real property for the purposes of real estate appraisers and modifies the definition of "commercial real estate" as it is used in licensing real estate brokers and agents. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0842T.PDF>
- HB 861 allows the Adjutant General to assign the number of assistant adjutants general that are authorized by National Guard Bureau rules and regulations rather than limiting the number to two. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0861T.PDF>
- HB 863 requires courts to accommodate child witnesses in certain judicial proceedings in several ways. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0863T.PDF>

- HB 866 requires the destruction of certain complaints made by sexually violent predators against certain licensed professionals. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0866T.PDF>
- HB 867 designates a portion of U. S. Highway 36 in DeKalb County as the "CW2 Matthew G. Kelley Memorial Highway". <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0867T.PDF>
- HB 922 requires each school district to adopt a policy on allergy prevention and response. <http://www.house.mo.gov/billtracking/bills091/billpdf/truly/HB0922T.PDF>
- SB 231 exempts landlords from liability for loss or damage to tenants' personal property when executing an order for possession of premises. <http://www.senate.mo.gov/09info/pdf-bill/tat/SB231.pdf>
- SB 243 allows for the sale of deficiency waiver addendums and other similar products with respect to certain loan transactions. <http://www.senate.mo.gov/09info/pdf-bill/tat/SB243.pdf>
- SB 542 modifies provisions relating to the State Treasurer and expands eligibility for the Treasurer's linked deposit loan program. <http://www.senate.mo.gov/09info/pdf-bill/tat/SB542.pdf>

Quote of the Week

While the Senate scolded the House for going to a picnic instead of working late on budget bills, Sen. Tim Green (D-St. Louis) said this: "All they did for three months was order breakfast, lunch, and dinner for their committees. Their IQ hasn't increased, only their waistlines are bigger."

Runner-up: "Put away your damn parties and do something for Missourians." – John Culp, whose daughter died of an eating disorder, after inviting the House Special Committee on Health Insurance to her funeral. The committee was considering a bill requiring insurance coverage for the treatment of eating disorders.

The end is nigh

The legislative session ends at 6pm, Friday, May 15th. Next week's report will be issued on Saturday, May 16.

Daryl Duwe
Missouri's e-team

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P.S. Our latest Weekly Bill Status report can be found here:
http://www.motechweb.com/Bill_Tracking_Report_META.mht