

HARNES & ASSOCIATES, L.L.C.

Kathi @kathiharness.com

P. O. Box 2302, Jefferson City, MO 65102 Phone – 573-634-5200 Fax – 573-634-5278

MISSOURI LEGISLATIVE UPDATE – APRIL 3, 2009

TO: American Institute of Architects of Missouri

HEARINGS OF INTEREST – WEEK OF APRIL 6

Tuesday, April 7

House Committee on Higher Education, 8:00 a.m., HR 6

Committee to continue discussion of Access Missouri – opposition to Governor’s proposed change.

Wednesday, April 8

House Elementary and Secondary Education, 8:00 a.m., HR 6

Executive Session on HB 566 – Design Build for Schools

Senate Education, 1:00 p.m., Senate Lounge,

SB 390 Access Missouri scholarships – Opposition testimony.

DISCIPLINARY HEARINGS FOR LICENSEES: On April 1 the Senate voted SB 296, sponsored by Sen. Delbert Scott, “do pass” consent. This bill authorizes the APELSLA Board to conduct disciplinary hearings for licensees convicted of certain felonies and to deny, revoke or issue penalties based on actions of other states. This bill has been referred to the House Committee on Professional Registration and Licensing.

TAX CREDIT LEGISLATION CONTINUES SENATE DEBATE: The Senate stalled late Tuesday on an economic development bill, SB 45, that would cap most of Missouri’s tax credit programs and expand a job-based tax incentive favored by Gov. Jay Nixon. After nine hours of debate and several proposed revisions, lawmakers decided to set SB 45 aside and promised to work on it next week.

At the heart of the bill is a proposal backed by Nixon to expand Missouri’s Quality Jobs program created in 2005. The program lets companies claim state tax credits and retain the payroll taxes of newly hired employees who earn at least average wages and receive health care benefits.

Several St. Louis-area lawmakers are concerned with the proposed historic preservation cap because they argue those credits have been used very effectively to revitalize urban decay. The bill also sets an automatic expiration on each tax credit program, which would require future legislative approval to extend. Another key disagreement is whether most of the state’s tax credit programs should be subject to annual budget process, which would give the Legislature a role in allocating the credits. The Senate rejected that proposal on an 18 to 16 vote. But after several hours of delay by Sen. Jason Crowell and other tax-credit critics, Senate leaders said they would debate the bill next with the budget provisions put back in. Unlike most state spending

decisions, tax credits do not currently appear in Missouri's budget bills. The proposed legislation would have allowed lawmakers to control tax credits by inserting an annual dollar amount that could be authorized for each tax credit program in the state budget. Supporters of putting tax credits under the budget say it would allow lawmakers to rein in what they say is an out-of-control process. Critics warn it could create uncertainty for businesses who might want to use the credits for a project but would worry about the credits not being issued in future years.

On Thursday, the Senate Governmental Accountability and Fiscal Oversight Committee voted “do pass” on HCS HB 191, the House version of the economic development bill. A Senate floor substitute was distributed to the full Senate. The Senate Substitute for HB 191 will be the bill further debated on this issue. The substitute includes the tax credit reform provisions: caps on credits, sunsets and tax credits subject to legislative appropriation.

ACCESS MISSOURI Both the House and Senate heard committee testimony in Support of Governor Jay Nixon’s proposal to cut Access Missouri Scholarships at private colleges and independent universities, in order to shift that money to public institutions. Access Missouri is a \$95 million dollar program that provides scholarships to tens of thousands of students at both public and private universities. Currently, private institution students receive a maximum of \$4,600 per year in Access Missouri funding compared to public institution students receiving a maximum of only \$2,150 per year.

HOUSE ACTIVITY: On Tuesday, March 31, the House Committee on Higher Education heard testimony in Support of Governor Nixon’s proposed redistribution of funds to the Access Missouri, no specific House Bill was heard

SENATE ACTIVITY: On Wednesday, April 1, the Senate Committee on Education heard SB 390, sponsored by Senator Kurt Schaeffer (R-Columbia). The act modifies the financial assistance amounts provided through the Access Missouri Financial Assistance Program. The financial assistance amounts currently in existence will be applicable only for the 2009-2010 academic year. In addition, this act adds new financial assistance amounts for the 2010-2011 academic year and beyond. A student attending an institution classified as part of the public two-year sector will be eligible for \$1,000 maximum and \$300 minimum. A student attending an institution classified as part of the public four-year sector, including Linn State Technical College, or approved private institutions will be eligible for \$2,850 maximum and \$1,500 minimum.

Students and faculty from many of the public universities testified in support as well as the National Education Association.

PROPONENTS: Support witnesses offered SB 390 will:

- Correct the unfair distribution by setting the maximum at **\$2,850** for both private and public institution students
- Missouri ranks 47th in per-capita support for public higher education, the state ranks fourth in the percentage of state need-based aid that is provided to students attending private institutions

- Proposed changes to Access Missouri would balance the financial awards for all students attending four-year public or private institutions. This change would provide increased scholarship levels and access for more of the state's neediest students at our public institutions, making college attainable and affordable
- Access Missouri's taxpayer-funded scholarships should be equally distributed

SB390, introduced by Senators Kurt Schaefer, R-Columbia and David Pearce, R-Warrensburg; and HB792 introduced by Representative Gayle Kingery, R-Poplar Bluff and several co-sponsors, would change the Access Missouri awards so that students in the four-year higher education institutions would receive the same awards.

Current Access Policy:

- Two-year public students receive \$1,000 per year maximum.
- Four-year public students receive \$2,150 per year maximum.
- Private school students receive \$4,600 per year maximum.

SB390 and HB792 Access Missouri Changes:

- Two-year public students receive \$1,000 per year maximum.
- Four-year public students receive \$2,850 per year maximum.
- Private school students receive \$2,850 per year maximum.

CAMPUS BOND BILL PASSES COMMITTEE: HJR 32, sponsored by Rep. Chris Kelly, D-Columbia, will provide higher education institutions statewide with funding for capital projects, such as building funds. Rep. Steven Tilley, R-Perryville, co-sponsor of the bill and House Majority Floor Leader, said "the stars have aligned" for this legislation. Tilley said the state is nearing completion of payments of outstanding bonds, and would be able to borrow at a 2 percent interest rate. Tilley said this would likely be the only time the state will be able to borrow at this rate.

The Special Committee on Infrastructure and Transportation unanimously approved the bill Tuesday. It now goes to the House Rules Committee and eventually the floor of the House where it will be open for debate. If the bill passes in the legislature, it will be placed on the 2010 for a vote from Missouri residents.

An amendment added to the bill will provide community colleges with no less than 10 percent of the funds. Although the bill is expected to pass, Rep. Steve Hobbs, R-Mexico, the chairman of the committee, expects some opposition. Hobbs said the arguments he expects to hear will be similar to those heard in 2007, when the legislature passed a bill that would transfer the sale of assets from the Missouri Higher Education Loan Authority for capital projects on colleges and universities across the state. That bill allocated \$335 million for use on the projects.

Hobbs said the new bond issue could go to the House floor as soon as the end of next week.

