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MISSOURI LEGISLATIVE UPDATE – APRIL 24, 2009

TO: American Institute of Architects of Missouri

HEARINGS OF INTEREST

MONDAY, APRIL 27

House Rules Committee, 1:00 p.m., HR 3

HB 22 Appropriations funding for income tax reduction and other one-time expenditures

Senate Appropriations Committee, 1:00 p.m., Senate Lounge

HJR 32 Proposes a constitutional amendment authorizing the General Assembly to issue bonds to fund higher education building improvements.

Senate Rules Committee, Upon afternoon adjournment, SCR 1

SCR 27 Creates the Joint Interim Committee on Oversight of Federal Stimulus And Stabilization Funds

DESIGN BUILD FOR SCHOOLS: Rep. Molendorp's language from HB 596, design build for schools, was amended to SB 291 on Wednesday morning during the House Committee on Elementary Education's executive session. Rep. Scott Dieckhaus (R-Washington) offered the amendment. There were 28 amendments added to SB 291 during the process. This bill now has to go on the House calendar for approval by the full House where it will take on more amendments during the floor debate. SB 291 is Sen. Charlie Shields' bill (President Pro Tem of the Senate). So it does have a very good chance for passage. I spoke briefly today with Sen. Shields regarding the amendment and will follow up further next week. As you probably read in the news, this session is more chaotic than normal (nothing here is ever normal). At this time it appears a special session will be called very soon after the regular session. The special session will be limited to the budget, stimulus and stabilization funds and the economic development bill, if not passed in the regular session.

ACTION ALERT: PLEASE CONTACT your state representative, by phone and email, to express your opposition to the design build amendment included in SB 291. Ask your representative to support an amendment to delete this provision from the bill. Give them some talking points. I will attach the AIA Missouri position paper on HB 596 for your reference. SB 291 is not on the House calendar at this time, but I expect it to be on the calendar by the end of next week.

In addition to contacting your state representative, please call and email Sen. Charlie Shields to express our opposition to this amendment on SB 291. Also contact Sen. Rob Mayer (R-Dexter) to express our opposition. Mayer is the chair of Senate Education. Thank you.

SAVING HISTORIC TAX CREDITS: AIA Missouri, as well as all local chapters, support the current Missouri historic tax credit program. We have delivered this message to the Missouri General Assembly, loud and clear. The threat for many of the tax credit programs looms in the Senate as part of the huge economic development bill which includes an expansion of the Quality Jobs program. The legislation has cleared the House but is stalled in the Senate with filibustering over tax credit reform. With three weeks left in the session, Governor Nixon is optimistic that the bill will clear the Legislature. Sen. Jeff Smith (D-St. Louis), along with other colleagues, leads the charge in the Senate to preserve the historic tax credit in its present form.

NOTE: It was not my intention in last week's report to give the impression that AIA Missouri is anything but strongly supportive of the historic tax credit. I apologize that my message gave the wrong impression.

MISSOURI COUNTY PLANNING ACT: Sen. John Greisheimer (R-Washington) presented SB 5 before the House Ways and Means Committee on April 23. The chairman of this committee, Rep. Mike Sutherland (R-Warrenton), will be the handler of this bill when it goes to the House floor. The Missouri Farm Bureau remains the only opposition to this legislation. It should pass the House unless the chaos over the budget and the economic development/tax reform measures stand in the way.

ENERGY AND THE ENVIRONMENT: HCS HB 978 & 1028, sponsored by Rep. Walt Bivins (R-St. Louis) changes the laws regarding energy and the environment. This bill has passed the House and is now in the Senate awaiting committee assignment. The provisions include: Income tax credit for homes built under green build standards; Expands the Linked Deposit Loan Program to include eligible alternative energy consumers and eligible governmental entities; Prohibits a utility or affiliate from selling and installing home generators for electrical production unless there are no existing heating, ventilation, or air conditioning providers in the service area. Every utility must comply with all local permit and code requirements; Establishes the Missouri Alternative Energy Loan Authority within the Department of Natural Resources to provide low-interest loans on a need-based program to public and private entities for the purpose of financing various energy-saving projects and services; Green school grants for school buildings; and Establishes the Solar Water Heating System Incentive Program to provide financial incentives for the purchase and installation of solar water heating systems in private residences.

'FAIR TAX' PROPOSAL UNLIKELY THIS SESSION: HJR 36 is a proposed constitutional amendment to abolish income taxes and establish a broad-reaching sales tax. The House approved HJR 36 to raise the state sales tax from 4.225 percent to 5.11 percent and eliminate the 6 percent personal and 6.25 percent corporate income taxes. Under the fair tax proposal, the new state sales tax would levy taxes on things that aren't currently taxed, such as the sale of homes, food and prescription drugs, professional services, in an attempt to make it revenue-neutral with the elimination of income taxes. With only three weeks left in a very controversial session, it is unlikely the Senate will consider this proposed ballot measure.

MISSOURI HOUSE REVERSES COURSE ON USE OF STIMULUS FUNDS:

House Republicans did an about face this week on how to spend the federal stimulus dollars and have further increased the chances that the Missouri General Assembly will not be able to reach compromise on large budget issues still looming and in need of passage by Friday, May 8th.

Speaker Ron Richard announced on Thursday that the House Republican Caucus intends to introduce legislation this week to pass a \$1 billion dollar tax cut for tax years 2009 and 2010 for working Missourians. The plan would lower the income tax for two years from 6% to 5.5%. Budget Chairman Allen Ictet introduced HB 22 late Thursday. **HB 22 includes the \$1 billion tax cut and other one- time expenditures.** HB 22 appropriates about \$350 million of high-priority spending projects including \$112 million for a wireless radio system for public safety officers, maintenance and repairs at state colleges and universities and maintenance and report of the State Capitol. The House has also announced its desire to keep between \$400 and \$700 million of the stimulus money to help balance the state's budget next year. The Senate and The Governor had already agreed that more like \$900 million would be needed to balance next year's budget.

In another interesting move, House leaders have decided that the any new spending bill will bypass the House Budget Committee, and instead be assigned to the House Rules Committee. It is reported that HB 22 will be voted out of House Rules on Monday and sent to the floor for debate early next week.

Finally, this week Governor Jay Nixon announced that it is his intent to tap into the \$268.9 million in federal funds from the stimulus act that Missouri has already received to meet the cash flow shortfalls that state government is experiencing due to declining tax revenues.