



Missouri Society of Professional Engineers

Weekly Legislative Report February 12, 2018

WEEKLY OVERVIEW

The Missouri Senate practically stood at a stand-still as the chamber took up [SB 564](#), sponsored by Senator Ed Emery (R-Lamar). The bill provides for regulatory changes relating to how rate cases to investor-owned utilities (Ameren MO, KCPL, and Empire District Electric Co.) will be treated in the future. In all, Senator Emery offered five floor substitutes to the bill. There was a twenty-five-hour non-stop filibuster on the bill last week. In the end, proponents and opponents negotiated a final substitute bill, which had to be amended, before the bill was perfected. Rumors of a previous question motion (cloture) were the talk of the capitol building. Should such a measure have occurred, it would have been the first time in history that a majority Republican Party would have exercised such an extreme procedural move to shut down debate by members of its own caucus who opposed the bill.

As usual, the Missouri House of Representatives continued its methodical passage of bills. Of note, the House gave first round approval to a bill ([HB 1413](#)) that requires authorization for certain labor unions to use dues and fees to make political contributions and requires consent for withholding dues from paychecks.

IN THE NEWS

- While touting his tax plan, Governor Greitens stated that he would not support an increase in the state's fuel tax. Greitens' tax cut plan includes reductions in Missouri's income and corporate taxes. It also includes substantially paring down popular tax breaks, including a deduction for federal income taxes and a 2 percent discount business get for turning in their withholding taxes on time. The Governor did not rule out supporting a fuel tax increase in the future.
- In last week's Special Election, Republicans won three of the four open House seats. All four seats were previously held by Republicans and the one Republican loss was in Jefferson County in which Democratic newcomer Mike Revis claimed victory with a three-point margin over Republican David Linton. This seat was formerly held by John McCaherty.
- The Missouri Senate is weighing a bill that would revoke the governor's ability to appoint and remove people at will from state boards and commissions. The measure would require the governor to notify the Senate in writing of any appointments made while the legislature is not in session, bar appointees from being sworn in until the Senate has been notified and bar the governor from withdrawing appointees if he doesn't like their decisions as board members.
- Last week, State Auditor Nicole Galloway released a report stating Missouri's budget is not prepared to withstand another recession without major cuts because state tax cuts and giveaways are already forcing the state to shift costs onto local taxpayers and parents. The report caps a year-long effort by her office to examine why the state budget is short of funds despite nearly nine years of job growth and an unemployment rate of 3.4 percent in November. The "stress test" of a recession would cost the state \$600 million annually out of \$9 billion total general revenue, she said.

SENATE FLOOR ACTION

ARBITRATION: The Senate brought up for Perfection [SB 751](#), sponsored by Senator Dave Schatz (R-Sullivan). The bill repeals the requirement for the Department of Transportation to participate in arbitration as a defendant at the request of the plaintiff in a tort claim. During discussions, multiple Senators expressed their concerns if the bill passed, it would decrease the caps a person would be able to receive. The bill was laid over.

RATE CASE MODERNIZATION ACT: The Senate perfected [SS#5/SB 564](#), sponsored by Sen. Ed Emery (R-Lamar). This act modifies provisions relating to public utilities. Its main provisions include:

- Rate Adjustments Outside of General Rate Proceedings
- Complaint Procedure
- Property Tax and Certain O&M Expense Deferral
- Plant-In-Service Accounting
- 5-Year Capital Investment Plan
- Discounted Electric Rates
- Contractor Pre-Qualification Process
- Rate Base Increase Regulatory Liability and Limitations.

Supporters of the bill argued the current system is outdated and that passage of would lead to upgraded electrical grids and infrastructure improvements. They also note that the current ratemaking mechanisms have been in place for over a century, leading to uncontrollable and unpredictable rate increases. They argued that by placing a 2.85% cap on the rate increases for five years the bill would make the energy costs more predictable. Leading the opposition were Sens. Gary Romine, Rob Schaaf, and Doug Libla who argued that it is a handout to monopoly utilities like Ameren. Each took turns holding the floor through the night and into the next day while they pressed for changes behind closed doors. After hours of debate a new substitute was offered by Sen. Emery at shortly before 5 a.m. This included even more utility-related provisions that go beyond the rate caps, tax cuts, and rate adjustment mechanisms; it also expanded the language to include language regarding gas corporations and infrastructure system replacement surcharges, as well as solar rebates. Finally, after hours of debate and closed-door negotiations, Senator Emery offered another substitute bill that only applied to investor-owned utility ratemaking. That bill, as amended, made changes to plan-in-service accounting, established the five-year rate cap of 2.85% rate cap, and requires that utilities expend at least 25% of revenues realized from the provisions of the bill on grid modernization. The Senate is expected to third read the bill and send it to the House this week.

PUBLIC ENTITY FINANCES: The House Perfected [HCS HB 1879](#), sponsored by Rep. Lyndall Fraker (R-Marshfield). This bill modifies several provisions relating to financial transactions by public entities. The main provisions of the bill are:

- SECURITY-COLLATERAL LIST;
- INVESTMENT OF PUBLIC FUNDS;
- DEPOSITARIES FOR PUBLIC FUNDS; and,
- CERTIFIED CHECK REQUIREMENT.

It is expected that this bill will be Third Read this week.

COMMITTEE ACTION LAST WEEK

PREVAILING WAGE: The House Economic Development Committee held a hearing on three prevailing wage bills. Representatives Jeff Justus (R-Branson), Warren Love (R-Osceola), and Holly Rehder (R-

Sikeston) appeared before the committee to present [HB 1729](#), [HB 1436](#), and [HB 1621](#), respectively. All three bills repeal Missouri's prevailing wage law and represent the third week of prevailing wage discussions within the committee. Unlike hearings the past two weeks, supporting testimony varied a bit and was highlighted by Secretary of State Jay Ashcroft, several county commissioners and representatives from MO Ambulance District Association, Americans for Prosperity, MO Farm Bureau, and MO Century Foundation. Representatives from the Mechanical Contractors Association, Construction Employers Coalition, American Subcontractors Association, KC Builders Association, AFL-CIO, and the Plumbers and Pipefitters Association opposed the bill.

4TH CLASS CITIES WATER AND WASTEWATER: The House Local Government Committee voted "do pass 11-0" [HCS/HB 1947](#). Currently, fourth class cities may only sell their interest in a municipally-owned utility when ratified by a two-thirds vote. This bill lowers the voter-approval threshold for the sale of a water or wastewater system to a majority of the city's population. The substitute bill adds provisions relating to the sale of gas plants.

MISSOURI CLEAN WATER LAW: The House Committee on Conservation and Natural Resources conducted a public hearing on [HB 1973](#), sponsored by Rep. John Wiemann (R-O'Fallon). For purposes of the Missouri Clean Water Law, this bill changes the definitions of "discharge," "water contaminant," "water contaminant source," and "waters of the state." Currently, it is unlawful for any person to place, cause, or permit to be placed any water contaminant in a location where it is reasonably certain to cause pollution of any waters of the state. This bill makes it is unlawful for any person to place, cause, or permit to be placed any water contaminant in a location where it causes such pollution.

Testifying in support were private land owners and representatives from Missouri Corn Growers Association, Missouri Soybean Association, Missouri Cattleman's Association, Missouri Chamber of Commerce and Industry, Missouri Pork Association, and Missouri Poultry Association. Testifying in opposition were several private citizens and representatives from Missouri Coalition for the Environment, Sierra Club, and Missouri Rural Crisis Center. Testifying for informational purposes was a representative from Missouri Farm Bureau.

LAND SURVEYORS: The House Committee on Professional Registration and Licensing conducted a public hearing on [HB 2231](#), sponsored by Rep. Robert Ross (R-). This bill removes any requirement for letters of reference in order to apply for enrollment as a land surveyor-in-training or to apply for licensure as a professional land surveyor. Currently, an applicant for land surveyor-in-training must provide three letters of reference, at least one of which must be from a professional land surveyor who has personal knowledge of the applicant's land surveying education or experience. An applicant for licensure as a professional land surveyor must provide at least three letters of reference, all of which must be from professional land surveyors with personal knowledge of the experience of the applicant's land surveying education or experience. All other requirements would remain in effect.

Testifying in support was a representative from Missouri Society of Professional Surveyors. There was no testimony in opposition and the committee took no further action on the measure.

BILLS FILED OF INTEREST

[HB 2386](#) - Reiboldt, Bill(R) - Extends sovereign immunity to contractors and subcontractors of the department of transportation when the contractors are performing governmental services previously performed by the department of transportation.

[HB 2398](#) - Grier, Derek(R) - Enacts the Interstate Compact for the Temporary Licensure of Professionals.

UPCOMING COMMITTEE HEARINGS

House-Ways and Means

MONDAY - 02/12/18

1:00 PM, HR 1

Public Hearing:

[HB 2255](#) - Korman, Bart - Modifies provisions relating to the Science, Technology, Engineering, and Mathematics Initiative.

House-Transportation

WEDNESDAY - 02/14/18

8:00 AM, HR 5

Note: Executive session will be first.

Public Hearing:

[HB 2153](#) - Korman, Bart - Creates the Emergency Bridge Repair and Replacement Fund.

[HB 2268](#) - Reiboldt, Bill - Modifies certain department of transportation reporting requirements.

CALENDARS

HOUSE:

HOUSE BILLS FOR THIRD READING

[HB 1691](#) - Miller, Rocky - Modifies the appeal procedure for decisions by the public service commission.

SENATE:

THIRD READING OF SENATE BILLS

[SB 659](#) - Hegeman, Dan - Changes the maximum amount of a grant that may be issued by the Department of Natural Resources for financing certain utility projects from \$1400 per connection to \$3000 per connection.

[SB 586](#) - Holsman, Jason - Creates the Joint Committee on Disaster Preparedness and Awareness.

SENATE BILLS FOR PERFECTION

[SB 659](#) - Hegeman, Dan - Changes the maximum amount of a grant that may be issued by the Department of Natural Resources for financing certain utility projects from \$1400 per connection to \$3000 per connection.

[SB 730 \(S\)](#) - Wallingford, Wayne - Establishes the Rate Case Modernization Act.

[SB 586 \(S\)](#) - Holsman, Jason - Creates the Joint Committee on Disaster Preparedness.

[SB 598 \(S\)](#) - Riddle, Jeanie - Requires that the Department of Transportation utility corridor be 12 feet wide with the location determined by the State Highways and Transportation Commission.

[SB 705](#) - Riddle, Jeanie - Allows water and sewer corporations to make an application to the Public Service Commission to approve rate schedules outside of a general rate proceeding.

INFORMAL CALENDAR - SENATE BILLS FOR PERFECTION

[SB 598 \(S\)](#) - Riddle, Jeanie - Requires that the Department of Transportation utility corridor be 12 feet wide with the location determined by the State Highways and Transportation Commission.

[SB 705](#) - Riddle, Jeanie - Allows water and sewer corporations to make an application to the Public Service Commission to approve rate schedules outside of a general rate proceeding.

MAJOR DATES OF INTEREST

March 2018

1 – Last Day to File Senate Bills (Rule 48)

15 – Last Day to Place Senate Consent Bills on the Senate Calendar (Rule 45)

15 – Spring Break Begins Upon Adjournment

26 – Legislature Will Reconvene

April 2018

2 – Easter Holiday — No Session

12 – Last Day to Place House Consent Bills on the Senate Calendar (Rule 45)

May 2018

11 – Last Day for Floor Action on Appropriation Bills

18 – Last Day of Session (Article III, Section 20(a), Const.)