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MO-4

MISSOURI LEGISLATIVE UPDATE

2011 Special Session

The second special session in as many years recently ended with little to show for the approximately \$200,000 bill for Missouri taxpayers. Legislative leaders from both chambers flew across the state this summer championing a compromise on state tax credit reform. The issue of capping and eventually sunseting many of the tax credit programs, particularly the Historic Preservation and Low Income Housing Tax Credits, was the divisive issue that prevented the General Assembly in 2011 from passing any large-scale jobs and economic development package. This summer Missourians were glad to hear about the compromise, and Governor Nixon agreed to call a special session to finally get a jobs bill passed to help residents fight this recession that continues to linger.

Old disagreements quickly resurfaced, though, and the House and Senate found they could not reconcile their differences. The session ended and little was accomplished. Under this backdrop, this is how the 2012 Missouri General Assembly will begin.

Tax Credit Reform

Did Not Pass- 2011 Special Session

Much hope surrounded the legislative special session that a jobs/economic development bill could pass. As stated above, hope was extinguished quickly.

The Senate President, Rob Mayer, introduced [SB 8](#) at the beginning of the special session. Generally, this bill would have modified provisions of existing tax credit programs and established new tax incentive programs. Specifically, new tax incentives were proposed for encouraging construction of data centers, to attract sporting events, for land assemblage in distressed areas and helping developmental disability care providers. The largest and most controversial new program was called Aerotropolis. It authorized air export tax credits for freight forwarders shipping cargo on qualifying outbound flights from St. Louis' Lambert Airport. Proponents talked about the economic development opportunity this would be for the state. Opponents argued the \$360 million price tag (subsequently lowered to \$60 million) was too much money for a project that was not guaranteed to produce anything for the state.

Of most concern to Builders' Association members were the Historic Preservation and Low Income Housing Tax Credit Programs. As part of the so-called deal brokered during the summer, the House agreed to follow the suggestion of the Senate to cap these programs and allow them to sunset. In the Senate's version, the Historic Preservation tax credit would have been capped at \$80 million in fiscal year 2012 for projects that receive at least \$275,000 in tax credits. Stacking of these credits with the 9% Low Income Housing Tax Credits would be prohibited. A sunset date was set for August 28th, 2018. The Low Income Housing Tax Credit Program would have been capped at \$110 million for the 9% tax credits in fiscal year 2012 and gradually reduced to \$70 million by 2015. The program also would be sunsetted August 28, 2018.

In the end, the House decided to take the sunsets out of the legislation. The Senate then decided a compromise was not reachable. The special session ended at the same point in discussions that it left off in May—and it will be the starting point for the 2012 session that starts in January.

Other Legislation of Interest in the Special Session

MOSIRA: **Passed**—[Senate Bill 7](#) established the Missouri Science and Innovation Reinvestment Act (MOSIRA). This legislation creates incentives for science and innovation companies to locate to Missouri. The proposal has failed to win approval in recent years due to the overall tax credit debate. This time the bill passed and was signed by the Governor on October 21st. The legislation will still face a large hurdle, though, due to a provision in the bill that nullifies its passage if the economic development bill (SB 8 discussed above) fails to pass. Consequently, this legislation will likely result in a court challenge.

St. Louis Police Department: **Did Not Pass**—[House Bill 1](#) allowed the City of St. Louis to establish and maintain a municipal police force completely under the city's authority. St. Louis and Kansas City are the only two municipal police departments in the nation under state authority. This topic will resurface in the upcoming session and will have implications for Kansas City.

Missouri's Presidential Primary: **Did Not Pass**—[House Bill 3](#) was introduced to change the Republican presidential primary from February to March. This change was needed to insure Missouri retained its maximum number of voting delegates. Much of the debate centered on the high cost of a primary and the merits of a caucus versus a primary. This bill died in the House.

Looking Forward to the 2012 Session

The 2012 Missouri legislative session will begin at noon on January 4th (in 6 weeks). The following list presents an idea of what The Builders' Association will be following closely this next session to represent the interests of its members and the commercial building industry.

- 1) Economic Development initiatives
- 2) Tax Credit reform
- 3) Workers Comp Law fixes
- 4) Prevailing Wage, Project Labor Agreements and Right To Work legislation
- 5) State building codes
- 6) Land owner liability

Staff looks forward to keeping members informed during this next legislative session through the periodic Missouri Legislative Bulletins.

To see a complete list of the bills filed during the special legislative session, please click on the following links.

[Missouri House](#)
[Missouri Senate](#)

As always, if you have questions about any of the pieces of legislation above, or would like us to look into a bill not listed, please contact Allen Dillingham, Government Affairs Director for The Builders' Association, at 816-595-4121 or adillingham@buildersassociation.com. We also encourage you to contact your elected representatives on these pieces of legislation and other issues important to you and your business.