

MISSOURI ASSOCIATION OF FIRE CHIEFS

EXECUTIVE DIRECTOR REPORT LEGISLATIVE REPORT #1 2012 SESSION

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BUDGET

The legislature will focus on approving a constitutionally mandated balanced budget, which at the moment is projected at \$750M short, killing or implementing the Health Exchange mandated by the Federal Government, revamping the funding formula for local school districts and business reform issues, such as workers comp and the 2nd injury fund.

The relatively rarely called special session in October exacerbated the division between the House and Senate, as they could not come to terms on various economic development proposals. The disagreements between the two bodies usually have all interim to dissipate, but the special session ended only 5 weeks shy of 2012 pre session filing, which began on December 1st, 2011.

The governor will lay out his budget in on January 17th when he delivers his annual State of the State address. His administration believes the shortfall to be nearly half a billion dollars, despite the 3.9% growth (\$285M) in revenue for the state for next FY. The shortfall is primarily derived from loss of federal money pouring into the state including an end to the stimulus and one time money (\$650M FY12) the state will now have to fill in FY13 with State GR.

In addition, Missouri got hit with a \$100M tab on Medicaid due to the fed / state match rate declining, not in our favor. The current fiscal year allows the state to draw from the feds 64 cents for every dollar the state spends on a Medicaid claim; next year however our draw down reduces to 62 cents. That 2 cent per dollar difference (2%) accounts for the \$100M shift from federal responsibility to the state. Higher Education is once again in the line of fire.

The Governor's talk of borrowing State Higher Education Institution's reserve funds to balance the budget has gone over like a lead balloon. Higher Education states their cuts in the past do not allow them to now loan money to the state to balance their books. To make this proposal an even tougher hill to climb for the democrat governor is the fact that the Republican Senate

Appropriations Chair, who has to sign off on this mortgage deal, has in his district the University of Missouri.

HEALTH CARE

A Senate interim committee traveled the state this summer and fall to hear constituents' ideas, some quite entertaining, on the state's implementation of the federal government's Patient Protection and Affordability Care Act. The deadline draws closer for the state to set up a health care exchange. The House passed a bill last session to build the foundation for an Exchange, but the Senate wanted to wait for two issues to be resolved (a) the federal lawsuit on the individual mandate and (b) CMS' requirements for a minimum benefit level. This, in addition to the sheer disgust many senators had for the overall concept, have to balance disregarding federal law with knowing inaction invites the feds to implement the health exchange irrespective of the legislature's views.

Even though CMS announced earlier this month that a one size fits all minimum benefit package approach would not be dictated to the states, and has delegated to each state to set up a benefit package for insurance companies participating in the Health Exchanges, the individual mandate question has not yet been answered, and will not be prior to the conclusion of the 2012 session. Therefore, a health exchange implementation bill will be very difficult to pass, and in fact, at least two senators thus far have filed bills precluding the Governor's Administration from moving forward with a State Health Exchange without prior approval from the legislature.

REDISTRICTING

Redistricting took a toll on legislators re-election plans, as all 34 senate and 163 House districts were given new boundaries for the 2012 election cycle. Filing for these offices opens in late February and closes the last week of March. Some legislators must move to run in a district not currently occupied by another incumbent, which makes the decision difficult.

In which district will you now reside? For your answer go to the Secretary of State Web site - http://oa.mo.gov/bp/redistricting/new_state_legislative_districts.htm.

LEGISLATURE MAKE UP

The freshman class occupies 63 of the 163 House seats. This is due to term limits sequel. Normally a first term legislator sits quietly and learns from upper classmen. This class does not subscribe to business as usual mentality of newly elected legislators is over now that they have served one year, not to be confused with one term (2 years), and their priorities will be filed and pursued with energy only freshman can bring to the Capitol. It is suspected a record filing of legislation may take place this year, eclipsing 2,000 bills through which we will have to wade.

LEGISLATIVE ISSUES

Last years “balance forward” bills will receive quick discussion, including Fix the Six, most notably the workers compensation issues. Co-employee liability, occupational disease and second injury fund are two workers comp issues that have already been addressed in prefiled legislation by Senator Tom Dempsey. This bill has the highest likelihood of passing among the Fix the Six package.

Other business issues to be addressed are employment discrimination, regarding whistleblower laws, minimum wage indexing, right to work and prevailing wage. Employment Discrimination legislation was vetoed by the Governor last year, and the House and Senate failed to gather the votes needed for an override. While we look for this item to be introduced again this year, we do not believe the Governor has changed his position.

Minimum wage could see debate this year, but likely not much. It passed the House and went to the Senate where it languished in committee before expiring when the session concluded. Right to Work has gone unmentioned in opening remarks by leaders, after it became a top priority by the President of the Senate last year. Prevailing wage however has found new life, especially since the rebuilding began in Joplin, and no exemptions were allowed, angering area legislators.

BALLOT MEASURES

November ballot will contain more than races for the leader of our country and state. Missourians disgruntled with the lack of progress in the legislature on their favorite topic draft their own solution and send it directly to the voters for approval. In fact, one proposal ensures the legislature can't tinker with ballot measures Missourians approve at the polls. The biggest fiscal issue to the state will be the proposal to eliminate the income tax and increase the amount of sales tax currently levied, as well as broaden the items which are subject to sales tax, such as professional services. When you go to the doctor, that co-pay will now get a 10% sales tax assessment, but come April when you file your taxes, your state tax due will be zip. Don't confuse this with your federal tax of course, that you will still owe.

Two different thoughts. Proponents believe after 5 to 7 years the economy will boom due to this measure, as it will spur economic growth. Opponents believe the increased sales tax will not compensate for the loss of income tax revenue and decimate the state and the services it provides, as well as kill retailers due to shoppers living on the borders driving 5 more minutes to buy big ticket items at a lower sales tax rate. Tobacco taxes will once again be a discussion during the campaign season, but the exact proposal that will appear on your ballot in November is uncertain. Tax increases to giving local authorities back the opportunity to assess a local tax and use the money for local needs. Minimum wage hike to \$8.25 is another big measure for Missourians to decide on.

OTHER INITIATIVES INCLUDE

- Restricted Use of Eminent Domain
- Tax breaks for religious and charitable organizations
- Authorizing Early Voting without absentee ballots
- Shrinking the Missouri House of Representatives from 163 to 103
- Imposing a \$5,000 contribution limit to candidates
- Requiring additional reporting by law enforcement agencies to ensure the practice of racial profiling does not exist.
- Limiting interest rate and other fees payday loans can charge customers
- Legalizing marijuana for persons over 21, and allow medical marijuana available to everyone with a physician prescription.

IMPORTANT DATES FOR 2012

- Jan 4th Session Convenes
- Jan 17th State of the State
- Feb 28 Filing for offices opens
- March 8 Spring break begins
- March 19 Spring break ends
- March 27 Filing for offices closes
- May 18 – Session Concludes
- July 14th – Governor sign or veto passed legislation
- September 12 – veto session

FUTURE REPORTS

As has been the practice in previous sessions, I hope to provide weekly reports on legislative matters. These reports come by way of our lobbyist Jorgen Schlemeier. I want to personally thank Jorgen for the excellent reporting and work he has done for the FSA and its members over the years.