

2023 Missouri Legislature halfway point

The 2023 Missouri legislative session has reached the unofficial halfway point. Eleven weeks are down in the books and seven remain. Typically, the final two to four weeks are when the majority of bills get passed. The House has been busy and productive in their work, working like a well-oiled machine. The Senate has worked better than last year, but a little drama has popped up recently that could spell trouble for the weeks ahead. Generally, tensions normally elevate towards the end of session anyway, which will add to this.

Several topics have been the focus of the Missouri General Assembly this session. They include sports betting, trans athletes, school open enrollment, initiative petition changes, tax cuts, and I-70 funding. The state government budget is still flush with funds thanks to all the federal money sent to states. Tax receipts also have been healthy.

Bills that are consequential to the construction industry have also been filed. Some bills have had hearings, while others are not receiving any discussion. Those bills include subjects like prevailing wage, the A+ Program, unpaid wages, statewide mechanical contractor certification and licensing, Right to Work, historic preservation tax credits, and workforce development.

Staff will be monitoring bills closely as we enter the final stretch. The last day of the Missouri 2023 legislative session is Friday, May 12. The budget must be passed the Friday before (May 5). Below are summaries of the top issues facing lawmakers this session and the significant issues facing the regional construction industry with a prognosis of their chances to become law in Missouri.

The top issues in the legislature this session

Initiative petitions: With more initiative petitions being circulated each year, legislative leadership has been determined to make it harder to place issues on the ballot to change state law and alter our state's constitution. Last year's successful petition to place recreational marijuana on the ballot, which eventually passed, was the latest catalyst to drive legislative action. That petition added 40+ pages to our state constitution and now makes it impossible to tweak the law without a vote of the people. Several proposals have been filed in both chambers. Representative Mike Henderson's (R-Bonne Terre) [HJR 43](#) is set to pass. Specifically, this bill requires the Secretary of State to provide voters in each Congressional district with a period in which to review and comment upon all initiative petitions proposing amendments to the Constitution. Currently, any Constitutional measure referred to the people, by initiative petition or by the General Assembly, must receive approval from a simple majority of the votes cast

thereon in order to pass. Upon voter approval, this resolution would require any such measure to receive approval from 60% of the voters in order to pass.

Tax cuts: With the state flush with cash currently, legislative leaders would like to provide tax relief to Missourians. Representative Dirk Deaton (R-Noel) has filed [HB 816](#) to lower Missouri's individual income taxes from 4.9% to 4.5%, reduce Missouri's corporate taxes from 4% to 2%, and eliminate taxes on Social Security. The proposal has passed the House and is starting the process in the Senate.

Sports wagering: Ever since the U.S. Supreme Court ruling in 2018 that struck down a federal prohibition on sports betting, around 30 states have adopted legislation to allow some form of wagering on sports events, including Kansas last year. Missouri doesn't want to lose out on the revenue opportunity, so legislators are trying again this session to get something passed. Representative Dan Houx (R-Warrensburg) filed [HB 556](#), which has passed in the House and sits in the Senate. The bill would impose a 10% tax on net winnings from bets. The issue of video lottery terminals in truck stops is the reason a bill didn't pass last year. Those issues still exist this year. Stay tuned to see if it can make it out of the Senate.

Open enrollment: One topic the past few sessions has centered around school choice, offering parents options on where to send their kids. This session, Representative Brad Pollitt (R-Sedalia) filed [HB 253](#). The proposal allows public school students to enroll outside their resident school district and enroll in another participating school. State and federal school dollars would follow the student. A maximum of 3% of a school population would be allowed to transfer out. The bill has passed in the House and is starting the process in the Senate.

Transgender youth healthcare and sports participation: The most contentious debate this session has been on this issue. Recently, the Missouri Senate passed [SB 49](#), filed by Senator Mike Moon (R-Ash Grove), which bars transgender minors in Missouri from receiving gender-affirming health care. Senator Holly Thompson Rehder (R-Sikeston) filed [SB 39](#) which prohibits competing on sports teams that align with their gender identity. That bill also passed in the Senate.

Regulatory sandbox: Senator Denny Hoskins (R-Warrensburg) filed [SB 3](#) establishing the "Regulatory Sandbox Act," which creates the Regulatory Relief Office within the Department of Economic Development. The Regulatory Relief Office shall administer the provisions of the act with the purpose of identifying state laws or regulations that could potentially be waived or suspended for participating businesses during a two-year period in which the participating business demonstrates an innovative product offering to consumers. Similar legislation has been used in Utah and Arizona to help startups by waiving certain regulations initially. This bill has passed in the Senate and is awaiting a committee assignment in the House.

Crime: Crime has been increasing statewide, especially since the pandemic, and businesses are asking for help. Even though crime is typically a local issue, state lawmakers have stepped into the debate. St. Louis lawmakers have been the most vocal on the issue and are hoping for help in

their city. Representative Lane Roberts (R-Joplin) has filed [HB 301](#) which lets the governor appoint a special prosecutor to go into jurisdictions with a high crime rate. The bill is targeting the St. Louis area, but it applies statewide. This bill has passed the House and has had a public hearing in the Senate.

I-70: Anyone driving on I-70 in Missouri knows we have a problem. Lawmakers have struggled immensely over the last several years to come to any agreement on changes. This year, the governor stated in his state of the state address in January that improving I-70 was an administration priority. \$859 million was recommended in the governor's budget to widen about 55 miles of I-70 in the Kansas City, Columbia and St. Louis regions. Since that speech, House lawmakers have talked about using that money for other smaller transportation projects. The budget process now is heading to the Senate, so we will see how the debate unfolds there and if I-70 will see some much-needed work.

Construction industry bills of interest

Historic preservation program tax credits: Over the last several years, The Builders have worked with a statewide coalition to save and then strengthen this tax credit program, which has played a significant role in sustained economic development across the state (urban and rural). Three House bills and one Senate bill have been filed this year by this coalition and we are hopeful for some of the language to pass. Representative Louis Riggs (R-Hannibal), on behalf of the coalition, has filed [HB 315](#), [HB 316](#), and [HB 639](#). Senator Steven Roberts (D-St. Louis) filed [SB 721](#). Overall, the bills look to provide helpful modifications to the current law. The changes include rebranding the program's name to the Missouri Historic, Heritage, Tourism, and Rural Revitalization Act. Additional changes encompass the definition of "projected net fiscal benefit" to also include any increased revenue from sales or property taxes, allows counties to designate certain structures as "essential community or heritage facilities," modifies the threshold at which tax credits do not count toward the aggregate limit on tax credits authorized from \$275,000 to \$300,000, and adjusts such number annually for inflation, requires allowance for a third-party review, authorizes non-profits to receive tax credits, redetermines projects that can be authorized under the \$90 million threshold, modifies the carry-back and carry-forward provisions of the tax credits, and transfers the State Historic Preservation Office from the Department of Natural Resources to the Office of the Lieutenant Governor, among other provisions. HB 316 has turned into the leading bill for these changes. It has had a public hearing, has been approved by two committees, and awaits a vote on the Senate floor before making its way to the House. Time is getting short in the session, but staff is hopeful these important changes can be made this session.

Statewide mechanical contractor licensing: As has been the case the last few sessions, the Missouri Statewide Mechanical Contractor Licensing Act was filed. This year [SB 80](#) was filed by

Senator Nick Schroer (R- O'Fallon). Under this act, the statewide mechanical contractor license for mechanical contractors shall be regulated by the Division of Professional Registration, within the Department of Commerce and Insurance. This act creates the Office of Mechanical Contractors within the Division to carry out the provisions of this act. Applicants for a statewide mechanical contractor license must meet certain criteria set forth in the act. A corporation, firm, institution, organization, company, or representative seeking to engage in mechanical contracting on a residential or commercial jobsite is required to employ at least one license holder. For residential and commercial jobsites, a statewide licensed mechanical contractor may represent only one entity at a time. A mechanical contractor shall have one license holder responsible for offering field employees eight contact hours of industry training each year, and mechanical contractors shall be responsible for providing proof of such training to the Division upon request. In the event of a loss of a license holder, a mechanical contractor shall remain in good standing with the Division for six months after notifying the Division of such change. Within the six-month period, a new license holder shall be registered with the Division. If no license holder is registered within such six-month period, the Division shall declare the mechanical contractor inactive. This act establishes the Missouri Mechanical Contractor Licensing Fund in the state treasury, which shall be expended for the administration of this act. Any individual who knowingly violates the provisions of this act is guilty of a Class B misdemeanor. This bill has had a hearing and sits on the informal calendar in the Senate awaiting a vote. It still has to pass that body and then go through the whole process in the House. Staff will keep monitoring it.

Companion bills in the House, [HB 368](#) and [HB 1083](#), have both had a public hearing in the Economic Development Committee, but await further action there. HB 368 was filed by Representative Richard West (R-Wentzville) and HB 1083 was filed by Representative Phil Christofanelli (R-St. Peters).

Contractor unpaid wages: Representative Mike Henderson (R-Bonne Terre) filed [HB 470](#) this year. The proposed legislation basically mandates that general contractors are responsible for the unpaid wages of any subcontractors on a project. The Builders have always stated that each contractor should be responsible for only their employees. Staff testified in opposition at the hearing, along with other construction organizations, companies, and stakeholders. It was clear at the hearing that many legislators disliked this bill. Specifically, the language states that the contractor's responsibilities on contracts entered into on or after Jan. 1, 2024, for construction, reconstruction, demolition, alteration, maintenance, or repair in Missouri, other than an owner-occupied residence, for any debt owed to an employee, or third-party, incurred by a subcontractor at any tier acting under, by, or for the contractor for the employee's performance of labor under the contract. The contractor's responsibility extends to unpaid wages plus interest owed and to penalties or liquidated damages. The bill authorizes the Department of Labor and Industrial Relations (DOLIR) to institute an action against the contractor for unpaid wages. The bill includes the subcontractor's obligations to provide payroll records of employees and project details. However, a subcontractor's noncompliance does not relieve the contractor from any

obligation as further specified in the bill. The subcontractor has 14 days to provide the requested records or information. The subcontractor is subject to a civil penalty in an amount not to exceed \$5,000 for each day the subcontractor fails to provide the requested records or information. The provisions of the bill do not apply to work performed by an employee of the state, a special district, a city, a county, a city and county, or any political subdivision of the state. Staff will continue to monitor this language closely and oppose it if it appears on other bills during the last weeks of session.

A+ Program: In 2019, the A+ Program was expanded to, among other changes, establish a procedure for the reimbursement of the cost of tuition and fees for any dual-credit or dual-enrollment course offered to a student in high school in association with a public community college or vocational or technical school. It also provided that the student must have attended a high school in the state for at least two years (changed from three years). This expansion came with no funding that year; the plan was to apply for funding the next year. Well, the next year was 2020, the year of the pandemic, so nothing happened. In 2021, the governor announced in his state of the state address he wanted a \$13 million increase for A+ Program funding. That amount was placed in the budget that year, along with another \$5 million that Senator Lauren Arthur (D-Kansas City) secured.

This session, Representative Ann Kelley (R-Lamar) filed [HB 76](#). The proposal further expands the program. Beginning with the 2024-25 academic year, this bill modifies the existing A+ Program by creating a distinct and separate program called the "A+ Certificate Program" and the "A+ Certificate Program Fund". The fund is for students that meet the requirements for the current A+ Program and are eligible for reimbursement of tuition, books, and fees, but are attending an approved institution of postsecondary education for an eligible program of study or specified training program that may not qualify for reimbursement under the current A+ Program. The new A+ Certificate Program provides reimbursement for 60 hours or the equivalent under a different measure of student progress for one certificate or until a student has completed 150% of the time usually required to complete such a program. The bill also creates a mechanism for the reimbursement of up to \$500 of books and fee expenses for eligible students in both the current A+ Program and the A+ Certificate Program.

Staff continues to watch for A+ Program proposals and changes. It is a good program that assists students attending vocational and technical schools that are looking at a future in the construction industry. This program is an important workforce development tool for the industry. This bill has nearly made it to the floor of the House for a final vote, so it is halfway through the legislative process.

Workforce development proposals: Workforce development continues to be a focus in Missouri in the governor's office and in the General Assembly. It also continues to be a prime focus for The Builders, a chapter of the AGC.

Clean slate: With hopes to help expand the available workforce for employers, two bills have been filed to automatically expunge records of certain offenses. [HB 352](#) was filed by Representative Phil Christofanelli (R-St. Peters) and [SB 347](#) was filed by Senator Curtis Trent (R-Springfield). These acts, which are identical, establish an automatic record-clearing process for the closing of certain records not excluded from eligibility for expungement and offenses for which the Governor has granted a full pardon, beginning Aug. 28, 2025. An individual may be granted more than one expungement under this bill, subject to specified parameters and exceptions. Beginning Aug. 28, 2025, the Office of State Courts Administrator (OSCA) must identify and transmit to the central repository all records of charges and convictions eligible for expungement within 30 days of the record becoming eligible for expungement without petition. If a record is eligible for expungement on or before Aug. 28, 2023, it must be identified and expunged by Aug. 28, 2026. If a circuit court determines a record is not eligible for expungement without petition, the court must notify OSCA within 30 days and specify the reasons upon which the court relied to make the determination. A digital access portal of all orders of expungement will be created by OSCA and the portal will allow users to determine if an order of expungement in the individual's name has been granted. Staff testified in favor of HB 352 (the only one to have a hearing). The Greater Kansas City Chamber has been a proponent of this legislation, as well, and The Builders assisted in their advocacy.

Child care: Representative Brenda Shields (R-St. Joseph) filed [HB 870](#) this session which authorizes the "Child Care Contribution Tax Credit Act," the "Employer-Provided Child Care Assistance Tax Credit Act," the "Child Care Providers Tax Credit," and the Supporting Use of Child Care for Economic Stability and Security (SUCCESS) Tax Credit, relating to tax credits for child care. Senator Lauren Arthur (D-Kansas City) also filed [SB 184](#) and [SB 509](#) to establish the same tax credits mentioned above. Child care, especially since the pandemic, has been a critical issue for employers and The Builders has supported this effort. HB 870 and SB 184 are the farthest along in the process, both awaiting final votes in their respective chambers. The legislation seems to be ripe for passage this session. Staff will continue following this.

Unemployment benefits: Most every year there are bills filed to alter parts of the Employment Security law. Some are big changes, most are small. This year [SB 21](#) was filed by Senator Mike Bernskoetter (R-Jefferson City). It is legislation that proposes to alter the duration an individual can receive unemployment benefits. This exact language has been filed over the last several sessions. It has come close to passing but has not made it to the governor's desk. Specifically, the bill proposes to do the following. Under current law, the maximum duration for an individual to receive unemployment benefits is 20 weeks. This act modifies the duration an individual can receive such benefits by basing it on the Missouri average unemployment rate, as follows:

20 weeks if the Missouri unemployment rate is higher than 9%;

19 weeks if the Missouri unemployment rate is higher than 8.5% but no higher than 9%;

18 weeks if the Missouri unemployment rate is higher than 8% but no higher than 8.5%;
17 weeks if the Missouri unemployment rate is higher than 7.5% but no higher than 8%;
16 weeks if the Missouri unemployment rate is higher than 7% but no higher than 7.5%;
15 weeks if the Missouri unemployment rate is higher than 6.5% but no higher than 7%;
14 weeks if the Missouri unemployment rate is higher than 6% but no higher than 6.5%;
13 weeks if the Missouri unemployment rate is higher than 5.5% but no higher than 6%;
12 weeks if the Missouri unemployment rate is higher than 5% but no higher than 5.5%;
11 weeks if the Missouri unemployment rate is higher than 4.5% but no higher than 5%;
10 weeks if the Missouri unemployment rate is higher than 4% but no higher than 4.5%;
9 weeks if the Missouri unemployment rate is higher than 3.5% but no higher than 4%; and
8 weeks if the Missouri unemployment rate is at or below 3.5%.

The Builders, a chapter of the AGC is concerned that reducing the benefits by tying them to the general unemployment rate could hit construction workers harder relative to other industries. This would work against our career retention interests. The bill currently sits on the Senate informal calendar, which means it can be brought up at any time for debate and passage. Once that happens it will head to the House. This bill still has a way to go, but it does have a chance to pass. Staff will continue to monitor and talk with legislators.

Right to work: Only one Right to Work bill has been filed this session. It has not had a hearing and staff does not anticipate any action this session on this subject matter. [SB 54](#), filed by Senator Jason Bean (R-Holcomb), only applies in counties where the governing body of the county has submitted a question to its qualified voters asking whether the county shall be subject to this act. If a majority of the votes are in favor of the question, the provisions of this act become effective in the county upon approval. The governing body is also permitted to submit a question to the voters on repealing an ordinance adopted pursuant to this act.

Prevailing wage: In 2018, the Missouri General Assembly passed legislation that significantly altered the state's prevailing wage law. This issue has been taken off the table since then. Bills are usually still filed, but leadership has left the topic alone. This year, two bills have been filed. [HB 1244](#) was filed by Representative Cheri Toalson Reisch (R-Hallsville) which would repeal prevailing wage in its entirety. [HB 1342](#) was filed by Representative Sarah Unsicker (D-Shrewsbury) which would authorize the division of labor standards and the attorney general to investigate wage complaints and bring action on behalf of aggrieved employees, with modifications to employer penalties for wage-related claims. Neither of these bills have even been assigned to a committee.

As always, if you have questions about any of the pieces of legislation above or would like us to look into a bill or issue not listed, please contact Allen Dillingham, Government Relations Director for The Builders, a chapter of the AGC, at 816.595.4121 or adillingham@thebuildersagc.com. We also encourage you to contact your elected representatives on these pieces of legislation and other issues important to you and your business.