

## Missouri Legislature update at the midpoint of the session

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*The March legislative spring break is upon us, and it marks the unofficial halfway point for the 2024 session. Eight weeks remain until the session ends on May 17. Like last year, the House has been swiftly and efficiently working through bills while the Senate has again been in disarray. Members of the so-called Freedom Caucus have held up legislation in the upper chamber and disrupted normal business. Rancor has set in; the majority leader within the last month pulled all the caucus members from their chairmanships and even pulled their parking passes. Needless to say, the Senate is not working well, and it makes everyone wonder what can be accomplished this year. There have been 1,650 bills filed in the House and 845 in the Senate; none have made it to the governor yet for his signature. Typically, the final 2 to 4 weeks are when most bills get passed. Let's hope sanity can prevail and our legislature can accomplish some meaningful work in the last few weeks.*

*Several topics have been the focus of the Missouri General Assembly this session. They include school choice, initiative petition changes, tax cuts, childcare, and sports wagering. The state government budget is tighter this year with major outlays occurring last year (like \$2.8 billion for I-70 expansion). The House budget chair removed around \$2 billion from the governor's recommended budget, so the Senate will probably add a lot of spending back. This will open the door for more contentiousness during the committee reconciliation process. Missouri also needs to renew the federal reimbursement allowance (FRA) program. This medical providers/hospitals tax with federal matching funds amounts to \$4 billion for our state budget for Medicaid funding. It normally passes without fanfare, but this year could be different.*

*As usual, 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, 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 second half of the 2024 session. The budget must be passed the Friday before adjournment (May 10). 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 2024 session

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### Childcare tax credits

Representative Brenda Shields (R-St. Joseph) has been working since last session to address the childcare crisis we have in Missouri. Businesses from a large swath of industries have said this is a

major impediment to hiring. The construction industry is no exception. Consequently, The Builders has helped support legislation to solve this challenge. Rep. Shield's bill almost passed last year, but dysfunction in the Senate stopped it from getting to the governor's desk. She has filed the bill again this year ([HB 1488](#)) and it has been a priority of legislative leadership and the Governor. Senator Lauren Arthur (D-Kansas City) filed companion legislation in the Senate ([SB 742](#)). The legislation authorizes three different childcare tax credits to take effect in January 2025. It allows employers, working parents, and childcare facilities to claim tax credits, which hopefully reduces barriers for working parents entering the workforce. HB 1488 has a lot of momentum behind it again this session. Hopefully, the Senate dysfunction doesn't snare it and other good bills at the end of the session again. Staff will keep monitoring this closely.

## Initiative petitions

More and more initiative petitions are being circulated each year in Missouri. Legislative leaders in the General Assembly have been determined to make it harder to place issues on the ballot to change state law and, particularly, alter our state's constitution. The successful petition to place recreational marijuana on the ballot a couple of years ago was a huge catalyst driving this 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. This session, just like last year, there have been several proposals filed. Senator Mary Elizabeth Coleman (R-Arnold) filed [SJR 47](#). It has become the primary vehicle for legislators to change the IP process. Specifically, current law provides that any constitutional amendment proposed by the initiative or constitutional convention or new constitution shall take effect at the end of 30 days after the election when approved by a simple majority of the votes cast on the measure. This amendment requires all such proposed constitutional amendments and new constitutions to receive a majority of the votes cast statewide as well as a majority of the votes cast in at least a majority of the Congressional districts, such approved amendments to take effect at the end of 31 days after the election. This legislation has a good chance of passing. It is a priority of leadership this session.

## 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 two years ago. Missouri doesn't want to lose out on the revenue opportunity, so legislators are trying again this session to get something passed. It came very close to passing last year but was caught up in the Senate dysfunction at the very end. As he did last year, Representative Dan Houx (R-Warrensburg) filed another bill on this topic- [HB 2331](#). The issue of video lottery terminals in truck stops is the reason bills on this topic have languished. Those same issues still exist this year, so it is unclear if something can pass this year. HB 2331 still awaits final action in the House and then must move to the Senate.

## School transfer

School choice, offering parents options on where to send their kids, has been a priority issue over the last several sessions. This year (like last year), Representative Brad Pollitt (R-Sedalia) filed [HB 1989](#). The proposal allows public school students to enroll outside their resident school district in another participating school. A maximum of 3% of the school population would be allowed to transfer out. The bill has passed in the House and is starting the process in the Senate.

## Construction industry bills of interest

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### Historic preservation program tax credits

Over the last several years, The Builders has 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). Two bills have been filed this year by the coalition, one in each legislative chamber, and we are hopeful for the language to pass. Representative Travis Wilson (R- Saint Charles), on behalf of the coalition, filed [HB 1936](#). Senator Steven Roberts (D-St. Louis) also filed [SB 884](#). Overall, the bills look to provide helpful modifications to the current law. The bills modify provisions relating to the Historic Preservation tax credit and renames such tax credit the "Missouri Historic, Rural Revitalization, and Regulatory Streamlining Act." The bill specifies the applicable percentages for the rehabilitation of low-income properties to receive a 25% state tax credit, properties located in a qualifying county approved for a state tax credit of 35%, and property not located in a qualifying county of a 25% tax credit. Currently, any taxpayer that incurs costs and expenses for the rehabilitation of eligible property, which is a certified historic structure or structure in a certified historic district, may receive a credit of 25% of the total costs and expenses of rehabilitation incurred after Jan. 1, 1998, provided that the costs and expenses exceed 50% of the total basis in the property. The bill states that 10% of such total costs and expenses of rehabilitation upon which the tax credit is based may be incurred before the taxpayer submits an application for tax credits. For costs and expenses incurred for an eligible property in a qualifying county which is also a certified historic structure or a structure in a certified historic district, any taxpayer shall receive a credit in an amount equal to 35% of the total costs and expenses of rehabilitation on or after July 1, 2023. Of such total costs and expenses of rehabilitation upon which the tax credit is based, 10% may be incurred before the taxpayer submits an application for tax credits.

The State historic rehabilitation standards shall not be more restrictive than the Secretary of Interior's Standards for Rehabilitation. The bill repeals reference to the amount of tax credits that the Department of Economic Development can approve for defined time periods. Currently, \$30 million in tax credits is authorized for projects located in the qualified census tract. Under the bill, projects that receive a preliminary approval located in a qualified census tract may receive tax

credits under the \$90 million or \$30 million categories, but the \$30 million tax credit category must first be applied. The \$30 million tax credits that are allowed shall be adjusted to the CPI index. The bill requires the Department to establish an application cycle that allows for year-round submission and year-round receipt and review of the applications. The bill authorizes a third-party review to ensure compliance with the qualified rehabilitation standards.

Many more changes are itemized in the bill language. SB 884 sits on the formal calendar in the Senate, so it is almost to the House. HB 1936 had a hearing and was voted out of that committee. Staff is hopeful these changes can pass with this legislation. More work remains with time running out.

## Statewide mechanical contractor licensing

As has been the case the last few sessions, the Missouri Statewide Mechanical Contractor Licensing Act was filed. This year, Senator Nick Schroer (R- O'Fallon) again filed a bill ([SB 1116](#)). In addition, Senator Ben Brown (R- Washington) filed [SB 1487](#), Senator Doug Beck (D- Affton) filed [SB 1498](#), and Representative Richard West (R- New Melle) filed [HB 2207](#). These acts are identical.

As specified in the bills, the Statewide Mechanical License for mechanical contractors will be regulated by the Division of Professional Registration within the Department of Commerce and Insurance. The bill creates the "Office of Mechanical Contractors" within the Division, to carry out the provisions of the bill. Applicants for a statewide mechanical license must be 21 years old, provide proof of liability insurance in the amount of \$1 million, pass certain standardized mechanical assessment tests, and have completed 7,500 hours of field experience or at least a bachelor's degree with a minimum of three years of experience supervising a field employee. A company that wants to engage in mechanical contracting is required to employ at least one statewide license-holder, and if the company loses their license-holder, they have six months to register a new license-holder before being declared inactive. A Statewide Licensed Mechanical Contractor may represent only one company at a time. A company must have at least one license-holder give eight hours of training each year. Political subdivisions may establish their own local mechanical contractor's license but shall recognize a statewide license in lieu of a local license. A political subdivision cannot require the employees of a statewide licensed mechanical contractor or its subcontractors or manufacturers' representatives to obtain a journeymen license, apprenticeship license, or occupational license that requires passing any examination or any special requirements to assess mechanical proficiency. The Statewide Mechanical Contractor License can be used to perform work in any political subdivision. If a political subdivision does not recognize a statewide license, a Statewide Mechanical Contractor Licensee may file a complaint with the Division, which must investigate the complaint. If the Division finds that the political subdivision failed to recognize a statewide license, the Division shall notify the political subdivision of the violation and grant them 30 days to comply. If after 30 days the political subdivision does not comply, the Division shall notify the Director of the Department of Revenue,

who shall withhold any moneys the political subdivision would otherwise be entitled to from local sales tax until the political subdivision is in compliance. This bill establishes the "Missouri Mechanical Contractor Licensing Fund" in the State Treasury, which shall be expended for the administration of the statewide mechanical contractor licensure. Statewide mechanical contractor licenses shall expire after 24 months. Failure to renew the license will result in the license being declared inactive and the licensee cannot practice until the license is renewed. A licensee must also have at least 16 hours of training to renew the license. Any person operating as a mechanical contractor in a political subdivision that does not require a local license or who operates in a political subdivision with a local license is not required to possess a statewide license to operate as a mechanical contractor in such a political subdivision. The Division may refuse to issue the license and may cause a complaint to be filed with the Administrative Hearing Commission against any holder of a license for reasons specified in the bill. Upon a finding by the Administrative Hearing Commission that grounds for disciplinary action are met, the Division may censure, place on probation, suspend, or revoke any license. Upon a judicial or administrative finding of a violation of this Act, the Division may assess fines up to \$5,000 per occurrence. Any person who knowingly violates the provisions of this bill is guilty of a class B misdemeanor.

The House bill has completed a hearing but remains in committee. The Senate bills had a committee hearing scheduled, but it was then canceled. None of these bills have any momentum and it appears this new licensing will fail again. Staff will keep monitoring it.

## Career-Tech Certificate Program

Senator Jill Carter, (R-Joplin) filed [SB 1065](#) this session. The bill establishes the "Career-Tech Certificate (CTC) Program" and the associated fund, aimed at reimbursing tuition, books, and fees for eligible students pursuing training programs or certain approved programs of study. Eligible students, defined similarly to those eligible for the A+ Schools Program, can benefit if they haven't received reimbursement under the A+ Schools Program. Eligible programs of study lead to certificates or credentials in areas of occupational shortage, not exceeding 60 credit hours. Starting in the 2025-26 school year, the Department of Higher Education and Workforce Development will facilitate reimbursements to approved institutions for enrolled eligible students. Reimbursements are capped at public community college tuition rates and are not provided if similar programs are available within a 40-mile radius. Eligibility for reimbursements expires upon completion of the program or after 150% of the usual program duration. The legislation has been forwarded to a Senate committee but has seen no action since then.

## E-verify

Two bills were filed this year that modify provisions relating to employment and create new requirements relating to the verification of the immigration status of certain persons. [HB 2489](#) and [HB 1515](#) were both filed by Representative Jim Murphy (R- St. Louis). The bills modify

employment provisions and introduce new immigration status verification requirements. It exempts qualified immigrant workers from municipal sanctuary policies and mandates private employers to enroll in a federal work authorization program by 2025. Penalties are outlined for non-compliance, including reporting obligations for contractors. It establishes the "Immigrant Employment Registration and Taxation Protection Act," creating a database for qualified immigrant workers. The Missouri Attorney General enforces the act, with penalties for violations, including class D felonies. The bill addresses exemptions for state agencies regarding restrictions on communicating immigration status. Proponents argue it addresses issues with illegal workers, while opponents criticize its burden on small businesses and lack of due process. HB 2489 is the furthest along; it is ready for House floor action and then off to the Senate if passed.

Senator Rick Brattin (R- Harrisonville) filed similar legislation with [SB 1138](#). The bill has been reported to the committee in the Senate but has not had a hearing.

## Missouri One Call

The Builders sister AGC chapter in St. Louis, the AGC of Missouri, held meetings over the summer to discuss changes in Missouri's Underground Facilities Act. From those discussions, [HB 2329](#) was filed this session, sponsored by Representative Cyndi Buchheit-Courtway (R- Perryville). The proposal mandates that underground facility owners ensure all new and active underground facilities installed after Aug. 28, 2024, include a detectable underground location device unless detectable from above ground. Excavators must provide the notification center with excavation route details if the location is unclear. If an owner fails to mark underground facilities, excavators must notify the center. Damage to facilities must be reported to the notification center within 60 days. Failure to report incurs a fine of up to \$5,000. Incident reports are a prerequisite for facility owners to sue excavators for damages. Damage must also be reported through the Damage Information Reporting Tool. Facility locations provided to excavators must be accurate, and inaccurate information absolves excavators of liability for damages caused during excavation if safety and notice requirements are met. Facility owners are liable for losses or expenses caused by inaccurate information or delays. Those injured due to negligence by excavators or owners can recover damages allowed under common law. Failure to mark facilities or notify excavation plans constitutes negligence. This proposal has encountered headwinds and has not even been reported to a committee.

## Statewide building code

The St. Louis Realtors have been working in their city to find a way to consolidate all their numerous municipalities under one basic building code. This has been a hard task. The coalition finally concluded that pursuing the enactment of a statewide building code would solve their challenge. Consequently, [HB 2870](#) was filed late this session. The bill's sponsor is Representative David Casteel (R- High Ridge). The coalition does not intend to push for passage of the proposal

this year but wanted to get it filed and on the record for discussion. Staff has met with the St. Louis Realtors a few times to discuss this legislation. From a Kansas City and anywhere outside St. Louis perspective, its helpfulness is at best unknown. The bill has not been reported to a committee and will not be debated in Jefferson City this session. More discussion will happen this summer among stakeholders.

## Construction contracts

Two similar bills were filed this session that would establish a provision relating to the enforceability of and requirements for construction contracts, as defined in the act. [HB 2139](#) was filed by Representative Bill Falkner (R- St. Joseph) and [SB 1257](#) was filed by Senator Travis Fitzwater (R- Holts Summit). Only the Senate bill has had a hearing. Staff testified in opposition at the hearing, along with other construction organizations, companies, and stakeholders.

An agreement, provision, covenant, clause, or understanding that is contained in, implied in, or affects a construction contract shall be void and unenforceable if it provides that:

1. A party may withhold payment to another party for either an amount in excess of the amount in dispute or for claims one party has against another party relating to or arising out of another contract or incident between those parties;
2. A party cannot suspend performance or terminate the construction contract if another party fails to make prompt payments according to the construction contract terms;
3. A party continues to work or supply, furnish, or provide materials, labor, or services if that party is not paid pursuant to the construction contract terms;
4. A party performs, provides, or furnishes extra or additional construction work not included in the original scope of work without an agreement made and entered into before performing, providing, or furnishing the extra or additional work regarding the amount to be paid or the methodology for determining the amount to be paid;
5. A party waives or releases any rights it has under the construction contract or by operation of law to recover any amount in dispute as a condition for receiving payment of an amount not in dispute;
6. A party may take certain adverse actions as described in the act;
7. The construction contract is subject to the laws of another state or that requires any litigation, arbitration, or other dispute resolution proceeding arising from the construction contract to be conducted in another state; and
8. The payment by the owner to the contractor, or the payment by the contractor to a subcontractor or supplier, or the payment by a subcontractor to a sub-subcontractor or supplier at any tier, is a condition before payment to either the subcontractor, sub-



subcontractor, or supplier at whatever tier who has performed in accordance with the construction contract terms.

These two bills do not have any legs. Staff will continue to monitor this language closely and oppose it if it appears on other bills during the last weeks of the session.

## Workforce development- Clean Slate

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. With hopes to help expand the available workforce for employers, bills have been filed to automatically expunge records of certain offenses. In the Senate, [SB 763](#) and [SB 1161](#) were filed by Senator Brian Williams (D- St. Louis) and Senator Curtis Trent (R-Springfield), respectively. In the House, Representative Phil Christofanelli (R-St. Peters) filed a bill again, [HB 2108](#). These acts provide that beginning Aug. 28, 2027, all records and files maintained by any court pertaining to clean slate eligible offenses, which shall be offenses currently eligible for expungement by law, shall become closed records without the filing of a petition, subject to certain requirements as provided in this act. Additionally, this act provides certain time limitations for when records shall be closed and limitations on the amount of offenses that may be expunged, as provided in this act. This act also provides that beginning Aug. 28, 2027, the Office of State Courts Administrator (OSCA) shall identify and transfer on a monthly basis all clean slate eligible offenses records to the Central Repository and every prosecuting agency in the state within 30 days of the offenses becoming eligible for expungement. All records currently eligible for automated expungement shall be expunged by Aug. 28, 2029. The provisions of this act shall not expunge any delinquent court costs, fines, fees, or other sums ordered by the court. A prosecuting agency may file an objection to the automated expungement within 60 days from notification of expungement by OSCA. Additionally, OSCA shall provide notification of records to be expunged to the presiding judges of every circuit court and the courts shall order the expungement of all records eligible for expungement, as provided in the act. The Missouri State Highway Patrol shall keep nonpublic records of expungement available to certain entities. Finally, this act provides that, for purposes of the law, the petitioner shall be considered not to have been previously convicted, except for purposes of the requirement to pay restitution to the victim and other purposes as provided in the act.

This act provides that a credit bureau may report records of arrests, indictments pending trial, and convictions of crimes for no longer than 7 years from final disposition. However, any records which have been expunged or any records of a person who has been granted a pardon shall not be reported. Staff testified in favor of all three bills. The Greater Kansas City Chamber has been a proponent of this legislation, as well, and The Builders assisted in their advocacy.



## Unemployment benefits

Senator Mike Bernskoetter (R-Jefferson City) filed legislation again this year ([SB 745](#)) 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

Like last year, only one Right to Work bill has been filed this session. It has not had a hearing and the staff does not anticipate any action this session on this subject matter. [Senate bill 781](#), 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, one bill has been filed. [HB 1931](#) was filed by Representative Cheri Toalson Reisch (R-Hallsville) which would repeal prevailing wage in its entirety. This bill has not even been assigned to a committee. Staff doesn't see it moving anywhere this session.

Similarly, Representative Sarah Unsicker (D- Shrewsbury) again filed [HB 1841](#), 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. The bill has not been assigned to a committee and has little chance for passage.

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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](mailto: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.