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Strategic Government Relations

The Powers Report

A Weekly Summary of Activities in Jefferson City

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Here we go

The 2010 legislative session got off to an uneven start this week with a snowstorm & bitter cold wave bearing down on Jefferson City. The legislators were anxious to accomplish two things: gavel in and gavel out. The Senate didn't bother meeting at all on Thursday. The House met in a technical session, which allowed the bills filed so far to be "second read," putting them in position to be referred to committee. In fact, Speaker Ron Richard referred two bills requiring insurance coverage for autism to committee this week, honoring his pledge to make sure the autism issue is addressed as early as possible this year.

Speaker Richard's opening day address was brief and to the point. He acknowledged the "immense uncertainty" the state faces and zeroed in on three issues: ethics, jobs, and dealing with a tough budget situation without raising taxes. "I will commit to you one thing: we must not and we will not raise taxes on working Missourians." You can read his full speech here: <http://www.house.mo.gov/content.aspx?info=/bills101/speakersspeech.htm>.



Senate President Pro Tem Charlie Shields also acknowledged the state "is facing serious challenges." It's the second year in a row of declining revenues, too many Missourians are out of work, and "we must restore confidence in our elected officials with ethics reforms."

We found this quote interesting: "We are a body of everyday people chosen by the public. And as humans, mistakes are unavoidable. But we must strive for higher ethics standards, because ethics violations are unacceptable.

They are unacceptable legally, morally and, most of all, because they can destroy the public's trust in our democratic process. And without their trust, democracy fails."

Regarding taxes, Shields was as equally clear as Richard: "Hear me, we will not raise taxes." You can read his full speech here:

<http://www.senate.mo.gov/10info/speeches/openingday.pdf>.

We expect the governor to make the same pledge regarding taxes during the State of the State address. The only real question is: how will he choose to say it?

More budget cuts are coming

December revenue numbers for the State of Missouri were nothing short of horrendous. Other adjectives might include awful, dreadful, dire, and atrocious. Total revenue collections were down 21.7% compared to December of 2008. It looks now like the FY10 revenue will be down by almost seven percent compared to FY09, not the negative four percent number the Nixon administration had been hoping for.

It means Gov. Nixon gets to make some really tough decisions: where to cut another \$200 million from the current fiscal year, which ends June 30. That's on top of the \$634 million he cut already.

This time, even the education community is bracing for cuts.

And, looking ahead to FY11, most state departments expect to see cuts of around ten percent.

Plus, there's a Medicaid time bomb ticking out there. About 870,000 Missourians are currently on Medicaid. If the federal health insurance reform package passes, Missouri will be forced to add another 250,000 people to the Medicaid rolls.

On top of all that, the federal stimulus and stabilization funds run out in June of 2011, so unless things change in a hurry, FY12 looks like an absolute train wreck.

You could say things are not real jovial in Jefferson City these days, and you'd be understating things.

Ethics reform

Speaker Richard appointed a new committee to deal with ethics legislation: the Special Standing Committee on Governmental Accountability and Ethics Reform. The chairman is Rep. Kevin Wilson (R-Neosho), who is term-limited. The other members are Sally Faith (R-St. Charles), Ellen Brandom (R-Sikeston), Mark Bruns (R-Jefferson City), David Day (R-Dixon), Jerry Nolte (R-Gladstone), Scott Lipke (R-Jackson), John Burnett (D-Kansas City), Kiki Curls (D-Kansas City), James Morris (D-St. Louis), Gina Walsh (D-St. Louis), and Terry Witte (D-Vandalia).



Wilson told the *Neosho Daily News*, "First we have to define what ethics truly is. There is a difference between morality, which we can't govern, and ethics, and I want our committee to define what that difference is."

The picture might help with the definition. It's former representative TD El-Amin of St. Louis, who was sentenced to 18 months in prison this week after he was caught on video accepting a cash bribe.

DNR on the hot seat

The Department of Natural Resources has a rather serious public relations problem with certain key members of the Senate, and it could impact the budget process.

This week, the Senate Commerce Committee held a public hearing regarding the E.Coli controversy at the Lake of the Ozarks last summer. You're probably quite familiar with the story. As part of a legal settlement, DNR has been testing different sections of the lake for the presence of E.Coli. The testing is NOT designed to be a warning system about water quality. Ordinarily, the testing data are released a couple of weeks later. Last May, a routine test found

E.Coli levels ten times higher than the level considered safe for “whole body contact.” DNR eventually released the data a month later, about three weeks after it was ordered – by someone – not to release it, and only after a media firestorm erupted.

At the hearing, Joe Bindbeutel, who was a deputy DNR director at the time, took the blame as the “someone.” “Let me make this very clear,” he said, “I made that decision.” The reason, Bindbeutel said, is that E.Coli bugs die very quickly, there was no real risk to anyone’s health, and he wanted to put a plan in place to clean up the lake.

Committee chairman Brad Lager (R-Savannah) said, “If you look at what has happened, the violation of the public trust, the endangerment of the citizens and visitors of this state, how this General Assembly could in good faith give additional resources to this dysfunctional of a department is wishful thinking.”

Sen. Jim Lembke (R-St. Louis), who sits on the Commerce Committee as well as the Appropriations Committee, made it clear that he would be sifting through the DNR budget with a fine-toothed comb.

While the partisan tension was thick in the hearing room and the overriding theme was the delayed release of the May E.Coli testing, the hearing also produced some interesting, and disturbing, information.

For instance: there are 50,000 uninspected septic systems at the Lake of the Ozarks and “we’re straight-piping some of that waste directly into the lake,” said Bindbeutel. There were a few lobbyists in the hearing room who represent tourism-related business interests at the Lake of the Ozarks, and they’re not real keen on all the publicity the lake is getting about being dirty.

“The Lake of the Ozarks needs to be cleaned up,” Gov. Nixon said this week.

Additionally, DNR also faces questions about the delayed release of testing performed on the drinking water supply in Hannibal, which showed elevated levels of chromium.

Put the E.Coli story together with the chromium, and Lager questions the ability of DNR to maintain the public trust. “Who’s running that place?”

Missouri First

Gov. Nixon this week announced the third leg of his economic development strategy, a program he calls “Missouri First.” Most economic development programs are aimed at bringing new employers to the state. Missouri First will be aimed at helping existing Missouri businesses grow.

“As we look for ways to create jobs and transform our economy,” Nixon said, “it’s critical that we acknowledge and support businesses that are already making a difference by employing folks here in Missouri.”

The other two legs of his package are the Missouri Science and Innovation Reinvestment Act, which will create a dedicated fund to help attract and grow high-tech businesses, and Training for Tomorrow, an investment of \$12 million in Missouri’s community colleges for certain in-demand careers.

Find out more about Missouri First here:

http://governor.mo.gov/newsroom/2010/Missouri_First_2010.



Cleaning up the bail bond industry

A study committee put together by the Department of Insurance, Financial Institutions, and Professional Registration recommends extensive changes in the state’s bail bond laws, including denying licenses to felons.

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“There is no place for felons in the bail bond industry,” noted department director John Huff. Currently, felons can be bail bond agents if the felony is at least 15 years old.

Other recommendations include giving the department financial oversight of bail bond agents, increased fines and stronger penalties, and requiring bail bond agents to stay current on all income taxes.

The full report is available here: <http://bit.ly/50apBC>

Hello from area code 701

A bunch of legislative secretaries have been scratching their heads this week, wondering why people are calling from area code 701 – that’s North Dakota – and telling them to vote for the Fair Tax. That’s a proposal to do away with the state income tax and replace it with a sales tax on every transaction, including many things that are not subject to the sales tax today.

It’s a grassroots lobbying operation. Operators from a marketing firm in North Dakota call numbers in Missouri and, if the Missourians who answer the phone are willing, the operators patch them through to the secretaries at the capitol to say, “Please vote for the Fair Tax.”

But the Caller ID clearly shows the call is from area code 701, so a lot of them end up in voice mail.

There’s also a grassroots lobbying effort underway regarding a proposal in front of the Public Service Commission to increase Ameren’s electric rates. The PSC is conducting public hearings on the issue, and a group opposing the rate increase is using robo-calls to generate interest in the hearings, hoping people will show up and urge the PSC to deny the request.

Unfortunately, robo-calls can’t tell the difference between a phone customer hooked up to Ameren and those hooked up to rural electric cooperatives, so the effort is generating some real confusion with the country folks.

The rates charged by co-ops are set by the members with no input from the PSC.

A word to the wise: lobbying efforts conducted by operators in North Dakota or by robots are no match for the professionals who walk the marble halls of power every day.

A busy week for bill filing

108 measures filed this week. Here are the ones raising the most interest:

- HB 1497 requires special elections to fill vacancies in the offices of lieutenant governor, attorney general, secretary of state, auditor, and treasurer. Currently, these vacancies are filled by an appointee of the governor.
- HB 1500 is the new number for Rep. Steve Tilley’s ethics proposal. He withdrew HB 1487, but only to give some additional representatives the chance to sign their names as co-sponsors. The content remains the same.
- HB 1508 places additional restrictions on the payday loan industry.
- HB 1509 prohibits payday loans from being encouraged, solicited, advertised, or provided on nursing home property.
- HB 1510 requires that Ballroom Dancing classes be treated as both physical education and fine arts.
- HB 1511 establishes the Missouri Science and Innovation Reinvestment Act (MOSIRA) requested by the governor. This will no doubt be the “eco-devo” bill of 2010, including aspects of HB 1512, which encourages the development of technology-based businesses, and HB 1513, which provides tax breaks to data centers.

- HB 1512 prohibits expiration dates or service fees on gift certificates.
 - HB 1526 allows the governor to identify efficiencies and enter into contracts of ten million dollars or less without a bid or with an accelerated bid process.
 - HB 1532 prohibits children from being passengers on equipment not designed for passengers.
 - HB 1542 allows liquor by the drink on a Sunday without a Sunday liquor permit of Valentine's Day falls on a Sunday. We'll call it "Sweetheart's Law."
 - HB 1546 expands abortion reporting requirements.
 - HB 1548 requires schools to develop guidelines relating to head injuries of student athletes.
 - HB 1550 allows challenges to death sentences based on racial disparity statistics.
 - HB 1552 allows public school choice under certain conditions.
 - HB 1555 authorizes an income tax deduction for loan payments to repair flood damage, unless the homeowner caused the flood.
 - HB 1558 requires car rental companies to notify customers if tracking devices are used to impose penalties for certain activities, like speeding, for example.
 - HB 1560 would lump Missouri into the group of states wanting to elect the president by popular vote.
 - HB 1561 puts a tax on certain caffeinated drinks to pay for the health care of uninsured children. Maybe we could call this one "Buzz's Law."
 - HCR 1 sets the time of the State of the State Address as 7pm on January 20.
 - HCR 3 disallows the tax increase on certain farmland approved last month by the State Tax Commission, as does HCR 7 and SCR 32.
 - HCR 8 encourages all schools to promote trap shooting as a high school sport.
 - HCR 11 declares Missouri a free, sovereign, and independent state, with no real interest in an activist or ignorant judiciary, federal or international interference in the upbringing of our children, spending tax dollars on abortion, immoral sexual perversions, federal mandates, martial law without our consent, a draft without a declaration of war, limitations on freedom of speech, or putting serial numbers on ammunition.
 - HJR 64 requires a photo ID to vote.
 - HJR 67 exempts all property owned by citizens aged 65 and over from property taxes.
 - HJR 68 would eliminate all personal property taxes and limit taxes on real property to no more than one percent of the property's value.
 - SB 726 exempts yoga fees from sales taxes.
 - SB 728 requires state tax credits to go through the appropriations process.
 - SB 730 freezes the per diem collected by legislators at its current rate of \$87.20/day. The per diem is fixed at 80% of the federal per diem for Jefferson City. If nothing is done, the per diem will go up to \$103.20/day.
 - SB 735 requires public libraries to adopt policies restricting the placement of materials deemed obscene or pornographic.
- Questions should be directed to your lobbyist (unless they're in area code 701).

Quote of the Week

There's much to choose from this week, but we're going to go with Joe Bindbeutel. After taking the blame for delaying the release of the E.Coli data, he tried to dissuade people from looking for a broader conspiracy when he said:

“Sometimes a stupid mistake is just a stupid mistake.”

Let's try to have a mistake-free week!

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