

Legislative Bulletin



April 2015 ~ Missouri Trucking Association

Issue #4

P.O. Box 1247, 102 East High Street ★ Jefferson City, Missouri 65101 ★ Phone (573) 634-3388 ★ Fax (573) 634-4197 ★ www.motrucking.org
Tom Crawford, President ★ mota@motrucking.org ★ Ginger Steinmetz, Legislative Consultant

Session Update

April 17, 2015

Budget Conference Committees Stalled This Week

The state budget process stalled this week after several hearings were cancelled that were intended for the Budget Conference Committee to negotiate the differences among the House and Senate versions. Instead, House and Senate leaders worked behind the scenes to evaluate issues that are causing dissension including the proposed pooled program cuts and managed care expansion. However, if the House and Senate leaders plan to stick to their heightened timeline, they must give final approval to the Fiscal Year 2016 Budget by next Friday, April 24.

Nicole Galloway Appointed as Next Missouri Auditor

On Tuesday, Governor Nixon appointed Boone County Treasurer, Nicole Galloway, as the next auditor to serve the remainder of Tom Schweich's four-year term.

Galloway became Boone County Treasurer in 2011, elected to a four-year term in 2012. She received her MBA from Mizzou in 2008, after graduating from Missouri University of Science and Technology with degrees in Applied Mathematics and Economics.

Nixon commented on Galloway's reputation saying, "Known for her professionalism, intelligence, and integrity, Nicole Galloway is a tough, energetic, and fair-minded auditor who will be an outstanding watchdog for taxpayers." After the appointment Galloway said, "I wouldn't have accepted this position if this wasn't something that I was committed to."

She will serve the next four years, and has said she will run for re-election in 2018.

Transportation Tax Debated in Senate

The Senate began debate on SB 540, sponsored by Sen. Doug Libla (R-Poplar Bluff), chairman of the Senate Transportation Committee.

SB 540 was originally introduced as a proposal that would increase the state fuel tax by two cents a year for the next three years and then index the fuel tax based on the consumer price index. This would bring the state's current rate of 17 cents per gallon of fuel tax to 23 cents per gallon once fully phased in.

However, once the Senator began debate on his bill, he introduced a Senate floor substitute that changed the original intent of the proposal to a simple 2-cent fuel tax initiative. The reason for this change was to eliminate any possible opposition or concerns as it relates to the annual constitutional calculation of the state's tax and spend authority (The Hancock (Farmahan) amendment) and to garner Governor Nixon's support.

Sen. Libla began his floor discussion by stating the state's gas tax hasn't been raised for 20 years. This amount of money now generates about 8 cents in spending power.

Sen. Libla continued to testify that Missouri has 10,000 bridges over 50 years old; 7,000 are structurally deficient. He said that a fuel tax is the best place to generate revenue for roads and bridges because it is a true user fee.

According to the Senator, a person who drives 15,000 miles with a car that gets 20 miles per gallon uses about 750 gallons of gasoline a year. This 2-cent fuel tax increase equates to about an additional \$15.00 per year.

The Senator wanted to make sure his colleagues knew there were 24 different groups and organizations that supported his original SB 540 and there was no opposition. Sen. Libla said this 2-cent fuel tax increase is not the solution to all of Missouri's transportation problems, but it is enough to help match federal funds in 2017.

Other Senators who made supportive comments towards SB 540 included:

- Sen. Mike Kehoe (R-Jefferson City) stated that Missouri has a lower fuel tax than any other surrounding state; in fact, Iowa just raised their fuel tax by 10-cents per gallon.
- Sen. Mike Parson (R-Bolivar) said if you don't take care of the current problem you will have to pay more money due to deferred maintenance costs.
- Sen. Brian Munzlinger (R-Williamstown) stated the Missouri Highways and Transportation Commission's 325 Plan means a lot more rural routes are going to receive less maintenance which means it will cost more money in the long run to bring those roads up to a good standard unless more money is directed towards transportation.
- Sen. Dempsey (R-St. Charles) testified that it's all about the amount of money; and how bad of condition "we" (as a state) want our state's roads and bridge system to get into.
- Sen. Dave Schatz (R-Sullivan) said that 1992 was the last time Missouri raised its gasoline tax without taking inflation into consideration.

Then the opposition to SB 540 began. Sen. Ed Emery (R-Lamar), Sen. Rob Schaaf (R-St. Joseph) and Sen. Bob Onder (R-St. Charles) all began a mini filibuster by stating there are other ways to fund transportation than to by raising taxes.

For example, Sen. Schaaf believes leasing the state's interstates to the private sector would generate enough money to fix all roads and bridges in the state. Sen. Schaaf believes if there must be a tax increase to fix the state's transportation problems, then the revenue package must go to a vote of the people.

Sen. Emery and Sen. Onder began dissecting MoDOT's funding message for the need of additional funding by going through its budget, reading from the department's *Financial Snapshot*, and questioning the validity of "MoDOT Falling off the Cliff" messages. "Why is the 2-cent proposal called a solution and not a tax increase?" was the basis of their discussion.

With no surprise to Sen. Libla who knew there would be opposition to his 2-cent fuel tax proposal, the Senator asked the Senate Floor Leader to lay his bill back on the Senate Calendar to be debated at a later date.

There is an expectation that SB 540 may come up again next week in the Senate for additional review and debate.

House Hears Transportation Funding Bills

On Tuesday, April 14, 2015 the House Committee on Transportation met for a public hearing on two transportation funding bills, House Bill 995 and House Bill 738.

House Bill 738 sponsored by Representative Dave Hinson, would replace the 17-cent gas tax and establish a revenue-neutral excise tax rate based on wholesale prices as of January 1, 2015. For all years beginning on or after January 1, 2016, the tax shall be: for all motor fuel except diesel fuel, 10.5946 percent of the statewide average wholesale price of a gallon of unleaded regular gasoline for the applicable base period, excluding federal and state excise taxes, as determined by the director; for diesel fuel, 10.5946 percent of the statewide average wholesale price of a gallon of diesel fuel for the applicable base period, excluding federal and state excise taxes, as determined by the director.

Testifying in support of this bill was the Heavy Construction Association and the Missouri Asphalt Association. Supporter's stated that this would move it from a percent to a flat rate. They feel that this would be very beneficial and they hope that the committee takes a serious look at this.

Testifying in opposition of the bill was the Missouri Petroleum and Convenient Store Association and the Show Me Institute. Opponents of this bill stated that this bill would set a floor but it doesn't set a ceiling. Gas prices will go up over time and potentially create a very large tax increase. They also feel that the cents per gallon tax really gives the legislature the chance to monitor taxes.

Testifying for informational purposes only was Missouri Department of Transportation and stating that many other states have or are moving to this and they feel that this is another good opportunity to look for funding.

Tom Crawford, President and CEO of Missouri Trucking Association also testified from informational purposes stating they were supportive of the funding increase but also felt a ceiling needed to be established.

House Bill 995 is sponsored by Representative Keith English and increases the excise tax on motor vehicles from 17 cents to 19 cents per gallon. Similar to Senator Libla's bill that was debated in the Senate this week.

Testifying in support of this bill was the Missouri Petroleum and Convenient Store Association, Paul Miller, Missouri Trucking Association, Heavy Construction Association, Missouri Transportation Department, Missouri Chamber of Commerce, Missouri Concrete Association, Missouri Municipal League, Missouri Farm Bureau, and the Association on General Contractors of Missouri. Supporters of the bill stated that the Missouri Department of Transportation has well known funding issues and this 2-cent gas tax raise could help immensely. Missouri currently has the 5th lowest gas tax in the nation and this raise would still keep Missouri with a low gas tax.

Testifying for informational purposes only was the Department of Transportation and the Missouri Bicycle and Pedestrian Association. They stated that in the year 2017 Missouri would no longer be able to match Federal funds for the Missouri Department of Transportation. This 2-cent raise would be a step in the right direction. They also felt that if we are going to keep up roads we need to keep up walking and biking paths.

There was no testimony in opposition and the committee took no action.

Rep. Glen Kolkmeier has said he expects to vote Rep. Keith English's House Bill 995 out of committee next week, but will wait for a vote on Rep. Hinson's HB 738.

Property Tax for Roads and Bridges

On Tuesday the House Committee on Local Government held a hearing on Senate Bill 245, sponsored by Sen. Dan Hageman (R-). SB 245 allows counties in which townships have been abolished to continue to collect a property tax on a county-wide basis for road and bridge purposes for either one year following the abolishment of the townships or until the county voters have approved a property tax for such purposes, whichever occurs first.

The property tax must be the same amount as the property tax being levied in the township with the lowest total tax rate immediately before the townships were abolished. This act specifies that the collection of the property tax is to be considered a continuation of a tax and not a new tax. This act contains an emergency clause.

Testifying in support was the Missouri Association of Counties who stated Missouri needs to move away from Township forms of government. There was no testimony in opposition and the committee took no further action on the measure.

Increasing the Members of Highway and Transportation Commission

The House Committee on Transportation also held a hearing on House Bill 102, sponsored by Representative Craig Redmon (R). Beginning January 1, 2016, this bill increases the membership of the Highways and Transportation Commission from six to eight commission members. No more than four commissioners can be a member of the same political party, with one commissioner appointed from each of the state's seven Department of Transportation geographic districts and one commissioner appointed regardless of where he or she resides. Any member reappointed will be eligible to serve as chair or vice chair only during the final two years of such member's reappointment.

Testifying in support of this bill was the Director of Public Affairs from the Missouri Farm Bureau who stated they feel that the commission is doing a good job today and that adding two more members will appear to make things fairer.

There was no testimony in opposition and the committee took no action.

Governor Nixon Signs Agricultural Bill into Law

On Monday, Governor Jay Nixon signed Senate Bill 12, also known as the agricultural bill. The bill's goal is to protect current and future Missouri farmers.

Nixon commented on the bill saying, "You can literally take your finger and send a note to somebody anywhere in the world at the speed of light. That's where products are going in the future, and making sure that technology gets the most out of our land, while continuing to be good stewards for it is the advantage we have here."

The bill will create more opportunities for Missouri farmers to compete in a growing global economy. Nixon signed the bill outside of Purdy during a visit to a local farm.

Supreme Court Rules in Favor of Hog Farm

On Tuesday, the Missouri Supreme Court upheld limits to damages property owners could recover in nuisance lawsuits against agricultural operations.

It is following a case where individuals challenged the constitutionality of a state law limiting the damages they could receive due to their neighboring hog farm. The individuals filed a claim saying the hog farm emitted an immense odor, which they believed was a nuisance. They also hit on the idea that the cost of property loss value and medical treatments was unconstitutional because their private property was being used without proper process and/or compensation.

The Supreme Court ruled the limit was appropriate and just because the limit protects agriculture as a legitimate public purpose.

ProgressMO Files Lawsuit Against Senate

ProgressMO, a non-profit advocacy group, filed a lawsuit against the Senate, naming Senators Mike Parson, Mike Kehoe, and David Sater claiming the prohibition of recordings of Senate hearings is a violation of open meetings and Missouri's Sunshine Law.

In the past, Senators have removed ProgressMO or prevented filming citing Senate Rule 96, which states: "Persons with cameras, flash cameras, lights, or other paraphernalia may be allowed to use such devices at committee meetings with the permission of the Chairman as long as they do not prove disruptive to the decorum of the committee."

This rule has been implemented on several occasions. Access has been permitted to the Missouri Capitol Press Association if they give a 24-hour notice, however, other parties must obtain the information through the in-house communications. ProgressMO says the distinction between the press and other groups is unfair and illegal.

The Senate majority caucus said it will not address the lawsuit, saying their policy to not comment on active and/or pending legal issues. The Senate does not have its own legal counsel; Missouri Attorney General's office will defend the state and its officials.