

SUPPLEMENT
MESSAGES FROM THE GOVERNOR
(Received after May 30, 2014)

EXECUTIVE OFFICE
State of Missouri
Room 216
State Capitol
Jefferson City 65101

June 19, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 492 entitled:

AN ACT

To repeal sections 161.097, 163.191, 173.670, 173.1006, 178.638, 340.381, and 340.396, RSMo, and to enact in lieu thereof ten new sections relating to higher education.

On June 19, 2014, I approved said Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 492.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 24, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 entitled:

AN ACT

To repeal 160.011, 160.041, 160.400, 160.405, 160.415, 160.417, 162.081, 162.1250, 163.021, 163.036, 163.073, 163.410, 167.121, 167.131, 171.029, 171.031, 171.033, 177.011, 177.088, and 210.861, RSMo, and to enact in lieu thereof forty-seven new sections relating to elementary and secondary education, with an emergency clause.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 is the legislature's attempt to create transfer solutions for students attending schools in unaccredited districts. Unfortunately, not only would Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 not solve the school transfer problems it was intended to address, it would create new problems that exacerbate the hardships faced by the children who attend unaccredited schools.

Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 would authorize the expenditure of public funds for the tuition of students who transfer from an unaccredited school in an unaccredited district in St. Louis, St. Louis County and Jackson County to private, nonsectarian schools located in the students' district of residence. Although proponents of this provision claim that only local tax dollars would be expended and that they would be expended only if approved by the district's voters, no such vote would be required after a district has been unaccredited for three years. Either with or without a vote, the result would be the same—public money would be diverted to private schools, in clear violation of the Missouri Constitution.¹ In addition, through its enactment of Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624, the General Assembly would extend this private school option without holding private schools responsible for how well they educate students. Unlike the accountability to taxpayers that locally elected school boards provide, this scheme for directing public funds to private schools would come with no such protection. Private schools do not have to answer to voters, their leadership does not have to stand for election or re-election, and their budgets are not transparent to allow public scrutiny. Accordingly, public funds should not be diverted to private schools.

In a particularly cruel reversal of existing law, Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 would also eliminate the current requirement that unaccredited districts pay for the

¹ Article III, Section 38(a) of the Missouri Constitution provides:

The general assembly shall have no power to grant public money or property, or lend or authorize the lending of public credit, to any private person, association or corporation, excepting aid in public calamity, and general laws providing for pensions for the blind, for old age assistance, for aid to dependent or crippled children or the blind, for direct relief, for adjusted compensation, bonus or rehabilitation for discharged members of the armed services of the United States who were bona fide residents of this state during their service, and for the rehabilitation of other persons.

transportation costs of transfers. This policy would be grossly unfair to the hundreds of families whose children transferred to accredited districts during the most recent school year with the understanding that their future transportation costs would be paid by the unaccredited, sending district. In this way, Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 would pull the rug out from under these families by eliminating the current obligation to pay for their school transportation costs.

Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 would also allow receiving districts to discount the tuition paid for transfers in exchange for not having to consider those students' performance data for accountability purposes for up to five years. Enshrining this cynical bargain in law shortchanges the very transfer students whose educational struggles this legislation was purported to help. This discount would allow districts to discard the transfer students they accept and not be held accountable for how they educate these students. As an example, consider transfers by high school students—a receiving district that accepted these students and extended a 30% tuition discount would never need to account for their academic performance on the district's Annual Performance Report.

Unrelated to the school transfer problem it purports to address, Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 also includes a provision very similar to the one I vetoed in Senate Committee Substitute for House Committee Substitute for House Bill No. 1789 (2012). This provision would deviate from the well-established procedure for assigning a student to another school district if the student's residence is located so as to create an unusual or unreasonable transportation hardship. A similar provision did not meet my approval in 2012 and neither does this one.

In accordance with the above-stated reasons for disapproval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bills Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 23, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 500 entitled:

AN ACT

To repeal section 456.950, RSMo, and enact in lieu thereof four new sections relating to trust instruments.

On June 23, 2014, I approved said Senate Bill No. 500.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 504 entitled:

AN ACT

To repeal section 536.016, RSMo, and to enact in lieu thereof one new section relating to the availability of proposed rules on the internet.

On July 2, 2014, I approved said House Committee Substitute for Senate Bill No. 504.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill 506 entitled:

AN ACT

To repeal sections 144.010, 262.900, 265.300, 267.565, 275.352, 277.020, 277.040, 281.065, 304.180, 340.381, 340.396, 442.571, and 537.325, RSMo, and to enact in lieu thereof seventeen new sections relating to agriculture.

I disapprove of House Committee Substitute for Senate Bill No. 506. My reasons for disapproval are as follows:

House Committee Substitute for Senate Bill No. 506 would redefine the term “livestock” to include “captive cervids,” which are members of the deer family, including white-tailed deer. These changes would eliminate the role of the Missouri Department of Conservation in regulating white-tailed deer.

Because doing so would be at odds with longstanding successful conservation practices and would violate the Missouri Constitution, this legislation does not receive my approval.

For more than 75 years, the Missouri Department of Conservation has restored and protected Missouri's forest, fish, and wildlife resources. The Department has created countless opportunities for Missourians to enjoy the outdoors, while also making Missouri a national leader in conservation. In 1934, before Missourians voted by more than a two-thirds majority to establish the Conservation Commission in the Missouri Constitution, Missouri had less than 2,000 white-tailed deer. Today, Missouri has an estimated 1.3 million white-tailed deer. Each fall, half-a-million hunters go afield to harvest deer in Missouri, contributing \$1 billion to our economy. Growing and managing our deer herd and fostering the hunting opportunities that we enjoy takes hard work and sound science, and the Department of Conservation should be commended for employing both to preserve this important part of our heritage, not stripped of its authority to do so in order to protect narrow interests.

House Committee Substitute for Senate Bill No. 506 also does not receive my support because it very clearly violates the Missouri Constitution. Article IV, Section 40(a) of the Missouri Constitution vests the Missouri Conservation Commission with the exclusive authority for:

The control, management, restoration, conservation, and regulation of the bird fish, game, forestry and all wildlife resources of the state, including hatcheries, sanctuaries, refuges, reservations and all other property owned, acquired, or used for such purposes and the acquisition and establishment thereof.

White-tailed deer are wildlife, and they are also a game animal. Putting them behind a fence does not change that fact. The Constitution makes clear that the Conservation Commission has the sole authority to control, manage, restore, conserve, and regulate "game ... and **all** wildlife" (emphasis added). The citizen-supported, citizen-led effort to conserve our forests, fish, and wildlife through this constitutional provision has in its more than 75 years made Missouri a national leader in conservation. And in granting the Commission this broad constitutional authority, the 71% of Missouri citizens who voted to do so certainly did not countenance that a statutory enactment to simply redefine the term "livestock" could suffice to undermine that authority.

I note that it is unfortunate that the legislature insisted on amending this unconstitutional provision to two pieces of legislation that otherwise contain worthy provisions advancing Missouri agriculture.

In accordance with the above stated reasons for disapproval, I am returning House Committee Substitute for Senate Bill No. 506 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 508 entitled:

AN ACT

To repeal sections 43.530, 105.711, 208.631, 208.636, 208.640, 208.643, 208.646, and 376.2004, RSMo, and to enact in lieu thereof nine new sections relating to health insurance, with a penalty provision.

I disapprove of House Committee Substitute for Senate Bill No. 508. My reasons for disapproval are as follows:

House Committee Substitute for Senate Bill No. 508 contains a number of worthwhile provisions that can become law with my action on other legislation. However, this legislation does not receive my approval due to a significant drafting error.

House Committee Substitute for Senate Bill No. 508 would impose additional restrictions on the licensure of an individual as a “navigator,” one who provides information or services in connection with eligibility, enrollment, or the program specifications of any health benefit exchange operating pursuant to the Affordable Care Act. Section 376.2004.6 of the bill would require an applicant for a navigator license to submit two full sets of fingerprints to the Missouri State Highway Patrol “for the purpose of obtaining a state and federal criminal records check under section 43.540 and Public Law 92-554 [sic].”

The bill’s reference to Public Law 92-554 should be to Public Law 92-544. This mistaken reference to Public Law 92-554, which deals with alcohol abuse and prevention, instead of to Public Law 92-544, which deals with federal criminal records, was included in model legislation developed by the American Legislative Exchange Council (ALEC) entitled the “Navigator Background Check Act,” which provides, in relevant part:

(4) The **{insert state department of insurance}** shall submit a full set of fingerprints to the **{insert state department of public safety}** for the purpose of obtaining a state and federal criminal records check pursuant to **{insert relevant state criminal history records statute}** and Public Law 92-554 [sic]. The **{insert state department of insurance}** shall not issue the registration if the person has been convicted of a felony offense or a misdemeanor offense involving fraud or dishonesty.¹

It appears that in copying and pasting from this ALEC model act, the General Assembly failed to correct this incorrect reference to Public Law 92-554.² While some may believe that such an error is “close enough” for a model act, it cannot be allowed to become the law of this State. Particularly in an area of the law that is the subject of ongoing litigation, a glaring defect such as this cannot simply be ignored. Accordingly, this measure does not receive my approval.

¹The full text of the ALEC Model “Navigator Background Check Act” is available at <http://www.alec.org/model-legislation/navigator-background-check-act/>.

² Some state legislatures that have considered similar navigator-related legislation derived from the ALEC model legislation have taken the opportunity to fix the incorrect reference from the ALEC model before enacting it. See Arizona House Bill 2508 (2014), available at <http://www.azleg.gov/legtext/51leg/2r/laws/0153.pdf>. However, like the Missouri General Assembly, other state legislatures considering such legislation have simply parroted the incorrect reference from the ALEC model act without alteration. See Kansas Senate Bill 362 (2014), available at http://www.kslegislature.org/li/b2013_14/measures/documents/sb362_01_0000.pdf

In accordance with the above-stated reasons for disapproval, I am returning House Committee Substitute for Senate Bill No. 508 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 523 entitled:

AN ACT

To amend chapter 167, RSMo, by adding thereto one new section relating to the use of radio frequency identification technology in school districts.

I disapprove of Senate Bill No. 523. My reasons for disapproval are as follows:

Senate Bill No. 523 is the latest effort by the General Assembly to erode the ability of local school officials to determine what is best for their school districts, students and staff. This legislation would ban a school district from requiring a student to use an identification device that employs radio frequency identification technology “or similar technology” unless there is “physical contact between a card, badge, or tag and another device.”

Local school officials are in the best position to determine the appropriate use of this technology within their school districts. Indeed, the technology sought to be banned could be a significant public safety tool during emergency situations. Quickly identifying the location of students during a critical incident unfolding at a school or during a natural disaster is vitally important to law enforcement and first responders. Prohibiting the use of this technology would eliminate an important option for school districts to consider when analyzing measures to protect the safety and security of their students.

In addition, the vague language used in Senate Bill No. 523 fails to distinguish between active radio frequency identification technology, which continuously transmits information, and passive radio frequency identification technology, which does not, or to indicate whether such technology must be directly assigned to an individual student. As a result, the ban contained in Senate Bill No. 523 could prohibit tags placed in laptops, iPads, or other devices assigned to a student that would be tracked when brought through a fixed portal or a hand-scanning device.

It is inappropriate for the state to impose restrictions such as those contained in Senate Bill No. 523 upon local education leaders. On issues such as this, local officials should be permitted to have open and robust discussions with school staff, parents and other interested stakeholders and implement programs determined to be the most appropriate for their districts. Local school officials are in the best position to make such decisions, and I will stand with them by not approving Senate Bill No. 523.

In accordance with the above stated reasons for disapproval, I am returning Senate Bill No. 523 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 525 entitled:

AN ACT

To amend chapter 196, RSMo, by adding thereto two new sections relating to food safety.

On July 2, 2014, I approved said House Committee Substitute for Senate Substitute for Senate Bill No. 525.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 527 entitled:

AN ACT

To amend chapter 9, RSMo, by adding thereto one new section relating to the designation of medical radiation safety awareness day.

On July 10, 2014, I approved said Senate Bill No. 527.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 20, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Supplement

Herewith I return to you Senate Committee Substitute for Senate Bill No. 529 entitled:

AN ACT

To repeal sections 34.057 and 107.170, RSMo, and to enact in lieu thereof two new sections relating to the payment of public works projects.

On June 20, 2014, I approved said Senate Committee Substitute for Senate Bill No. 529.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 20, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 530 entitled:

AN ACT

To repeal section 211.447, RSMo, and to enact in lieu thereof one new section relating to termination of parental rights.

On June 20, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 530.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill No. 532 entitled:

AN ACT

To repeal sections 431.058, 431.061, and 431.062, RSMo, and to enact in lieu thereof three new sections relating to consent provided by relative caregivers.

On July 9, 2014, I approved said Senate Substitute for Senate Committee Substitute for Senate Bill No. 532.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 567 entitled:

AN ACT

To repeal sections 174.335, 660.400, 660.403, 660.405, 660.407, 660.409, 660.411, 660.414, 660.416, 660.418, and 660.420, RSMo, and to enact in lieu thereof nineteen new sections relating to public health, with penalty provisions.

On July 10, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 567.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 575 entitled:

AN ACT

To repeal sections 8.597, 21.440, 21.445, 21.450, 21.455, 21.460, 21.465, 21.530, 21.535, 21.537, 21.795, 21.800, 21.801, 21.820, 21.835, 21.850, 21.910, 21.920, 30.953, 30.954, 30.956, 30.959, 30.962, 30.965, 30.968, 30.971, 33.150, 33.850, 37.250, 135.210, 135.230, 167.042, 167.195, 191.115, 191.934, 197.291, 208.952, 208.955, 210.153, 215.261, 215.262, 217.025, 217.550, 217.567, 262.950, 301.129, 313.001, 320.092, 338.321, 348.439, 361.120, 376.1190, 383.250, 386.145, 476.681, 620.050, 620.602, 620.1300, 630.010, 630.461, and 650.120, RSMo, section 105.955 as truly agreed to and finally passed by conference committee substitute no. 3 for house committee substitute no. 2 for senate bill no. 844, ninety-fifth general assembly, second regular session, section 208.275 as enacted by senate substitute for senate committee substitute for house committee substitute for house bill no. 555 merged with senate substitute no. 2 for house bill no. 648, ninety-sixth general assembly, first regular session, section 208.275 as enacted by senate committee substitute for house committee substitute for house bill no. 464, ninety-sixth general assembly, first regular session, and section 476.055 as enacted by conference committee

substitute for house committee substitute for senate bill no. 636, ninety-sixth general assembly, second regular session, and to enact in lieu thereof twenty-one new sections relating to the existence of certain committees.

I disapprove of House Committee Substitute for Senate Substitute for Senate Bill No. 575. My reasons for disapproval are as follows:

House Committee Substitute for Senate Substitute for Senate Bill No. 575 contains a number of worthwhile provisions that can become law with my action on other legislation. However, this legislation does not receive my approval due to the inclusion of provisions limiting the requirement for actuarial analysis of health insurance benefit mandates and repealing the MO HealthNet Oversight Committee.

House Committee Substitute for Senate Substitute for Senate Bill No. 575 would repeal the current requirement that an actuarial analysis be conducted on any proposed legislation imposing a new health insurance benefit mandate and replace it with a more modest requirement to perform an actuarial analysis only on health insurance mandates actually enacted by the General Assembly. In so limiting the requirement for an actuarial analysis, House Committee Substitute for Senate Substitute for Senate Bill No. 575 thwarts the original intent of the law, which was to ensure that the General Assembly fully understood the fiscal impact of such mandates *prior* to their enactment. A measure such as this that would limit the information available to policymakers before they vote to impose a new mandate does not receive my support.

In addition, the MO HealthNet Oversight Committee consists of a bipartisan group of legislators and experienced Medicaid providers. House Committee Substitute for Senate Substitute for Senate Bill No. 575 would repeal the MO HealthNet Oversight Committee, while making permanent the Joint Committee on MO HealthNet, which is composed exclusively of legislators. The elimination of the MO HealthNet Oversight Committee would leave future responsibility for oversight of Missouri's Medicaid system without the benefit of formal representation by individuals with specialized expertise in the committee's subject matter. Oversight of a program of this significance should draw from the full spectrum of available resources and perspectives, rather than being limited to a select group of public officials.

In accordance with the above-stated reasons for disapproval, I am returning House Committee Substitute for Senate Substitute for Senate Bill No. 575 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 entitled:

AN ACT

To repeal sections 136.300, 142.815, 143.221, 143.451, 144.010, 144.018, 144.020, 144.030, 144.044, 144.080, 144.190, and 221.407, RSMo, and to enact in lieu thereof

fifteen new sections relating to taxation, with an existing penalty provision.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the state's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

In enacting Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and other vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days. There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level,² from the projected \$776

¹ Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; House Committee Substitute for Senate Bill No. 727; Senate Committee Substitute for Senate Bill No. 829; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

² In addition to impacting the general local sales tax imposed under Section 32.085, exemptions from local sales tax would reduce revenue collected through numerous voter-approved local sales taxes that are targeted to specific, community supported needs. Examples include the County Anti-Drug Sales Tax, Sections 67.391, 67.392, RSMo; County Construction Sales Tax, Sections 67.550, 67.590, RSMo; Museums and Festivals Sales Tax, Sections 67.571, 67.578, RSMo; Law Enforcement Services Sales Tax, Sections 67.582, 67.584, 92.500, RSMo; Capital Improvements Sales Tax, Sections 67.700, 67.730, 94.577, 94.578, 94.890, RSMo; Storm Water Control and Public Works Sales Tax, Sections 67.701, 67.729, 94.413, RSMo; Public Recreation Projects and Programs Sales Tax, Sections 67.745, 67.782, RSMo; Regional Recreation Districts Sales Tax, Section 67.799, RSMo; Perry County Senior Services and Youth Programs Sales Tax, Section 67.997, RSMo; Economic Development Sales Tax, Sections 67.1300, 67.1303, 67.1305, 94.1008, 94.1010, 94.1012, RSMo; Community Improvement Districts Sales Tax, Section 67.1545, RSMo; Metropolitan Parks and Recreation Districts Sales Tax, Section 67.1712, RSMo; Children's Services Sales Tax, Section 67.1775, RSMo; Water Quality, Tourism, and Infrastructure Sales Tax, Section 67.1922, RSMo; Tourism Community Enhancement Districts Sales Tax, Section 67.1959, RSMo; Exhibition Center and Recreational Facility Districts Sales Tax, Section 67.2000, RSMo; Tourism Promotion Sales Tax, Section 67.2030, RSMo; Construction of Women's and Children's Shelter Sales Tax, Section 67.2040, RSMo; Theater, Cultural Arts, and Entertainment Districts Sales Tax, Section 67.2530, RSMo; Parks, Trails, and Greenways Districts Sales Tax, Section 67.5012, RSMo; Mass Transit Sales Tax, Section 92.402, RSMo; Public Safety Sales Tax, Sections 94.579, 94.581, 94.900, 94.902, RSMo; Community Center Sales Tax, Section 94.585, RSMo; Transportation Sales Tax, Sections 94.605, 94.660, 94.705, RSMo; Historical Locations and Museums Sales Tax, Section 94.950, RSMo; Medical Care for the Medically Indigent Sales Tax, Section 94.1000, RSMo; Kansas City Zoological District Sales Tax, Sections 94.1000, 184.503, RSMo; Transportation Development District Sales Tax, Section 238.235, RSMo; County Transit Authority Sales Tax, Section 238.410, RSMo; and Storm Water Control and Parks Sales Tax, Section 644.032, RSMo.

million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 and the other measures I am vetoing today would add to the more than 260 sales tax exemptions and tax credits that litter Missouri's tax code without requiring the creation of a single new job. The continued erosion of the tax base through such individualized exemptions and credits violates well-established principles of sound tax policy calling for a broad tax base so that tax rates can remain low. The General Assembly has ignored repeated calls to reduce these costly and inefficient carve-outs and has instead rushed through many more, leaving Missouri families to pick up the tab for education and other vital public services.

The unabated growth of such special carve-outs and the fiscal irresponsibility of failing to budget for them are all the more troubling when the General Assembly is simultaneously seeking to raise taxes on all Missourians with what could be the largest tax hike in Missouri history. While the benefits of the more than one billion dollars in annual tax breaks passed by the legislature over the past two months will go disproportionately to the wealthy, the burden of this multi-billion dollar tax increase for transportation would fall disproportionately on Missouri's working families and seniors.

The special breaks in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 and the other bills that I am vetoing today are not the mere clarifications that their supporters claim. Instead, they seek to overrule no fewer than twenty Missouri Supreme Court decisions going back to 1977 that have been followed by the department of revenue over the course of previous and current administrations. In nearly every one of the cases sought to be overturned, the court ruled that the law enacted by the General Assembly required a tax to be collected, notwithstanding that a particular business had hoped to be excused from the legal obligations we all share. While it is well within the rights of a losing litigant to petition their elected representatives, it is wholly disingenuous to call doing so here anything other than what it is—seeking a special exemption from the law, as currently written and as confirmed by the courts.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadened the overall tax base and reduced tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 and the other bills I am vetoing today. For the reasons stated herein, this is an endeavor I cannot support.

Special Exemptions for the Storage and Processing of Data in Any Form

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 would exempt from state and local sales tax electrical energy, machinery, equipment, parts and materials used or consumed in connection with or to facilitate the storage or processing of data in any form in a facility or a part of a facility. These exceedingly broad and completely new state and local sales tax exemptions are not the thoroughly vetted, widely-supported, revenue-neutral incentive for new and expanding data centers that has been introduced in the General Assembly for the past several years.

Although this provision is projected to reduce state and local revenues by an estimated \$300 million

annually, because it was slipped into the bill in the final hours of the legislative session without a public hearing and without a fiscal note reflecting its cost, it is unlikely legislators were aware of this significant fiscal impact when they voted to enact it. And as with the other new exemptions enacted in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 and the other bills I am vetoing today, the General Assembly failed to account for the resulting reduction in state revenue in the budget they enacted for the fiscal year starting July 1, necessitating spending cuts in order to maintain a balanced a budget.

These new exemptions in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 have been characterized by some as applying only to “data centers.” However, such is not the case. The legislation itself does not use the term “data center.” Instead, the language is far broader, applying to “any facility or part of a facility that is used primarily for such data storage or processing,” which means that any business with a computer could attempt to claim these broad new exemptions. The term “data storage” is undefined, and the term “processing” is broadly defined to encompass “any action or process performed upon or using data in any form.” As this definition indicates, it is not merely electronic or other forms of “high tech” data that would be subject to these new exemptions, but rather data “in any form,” whether stored in a computer or in a file cabinet.

This broad subsidy stands in stark contrast to legislation that I have supported in the past to provide a revenue-neutral incentive for new and expanding data centers that create new jobs and make new capital investments.³ Such legislation has been introduced in the Missouri General Assembly for the past several years and has been thoroughly debated and vetted through the legislative process. *See, e.g.* Senate Bill No. 8 (1st Ex. Session 2011); Senate Bill No. 584 (2012); House Bill No. 1311 (2012); Senate Bill No. 46 (2013); Senate Bill No. 394 (2013); House Bill No. 222 (2013); Senate Bill No. 633 (2014); Senate Bill No. 1502 (2014). Indeed, during the past legislative session there was a public hearing on House Bill No. 1444 (2014), which would have enacted this fiscally responsible data center incentive. Unfortunately, that is not what was inserted into Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 in the final hours of the legislative session. Inserted instead was a broad government subsidy without any of the taxpayer protections present in previous legislation and without any requirement to create even a single new job. Specifically, previous data center legislation contained the following protections, none of which is present here:

- **Job creation** – Required a minimum number of jobs paying at least the county average wage to be created in order for a new or expanding data center to obtain the exemption;
- **Capital investment** – Required a minimum amount of new capital investment in order for a new or expanding data center to obtain the exemption;
- **Revenue neutral** – Limited the amount of the sales tax exemption to the amount that would result in a positive general revenue return to the state, thereby ensuring that the exemption would be revenue neutral;
- **New and expanding data centers only** – Limited the availability of the sales tax exemption to solely new or expanding data centers, as defined by NAICS classification, to provide an incentive for such facilities to locate or expand in Missouri, not merely a subsidy for all facilities, regardless of whether they are already operating in Missouri; and

³ Even without a specific data center incentive, Missouri has been successful in recruiting and growing such operations in the state. For example, in April I was pleased to announce the opening of a mission critical data center for a premier cloud computing company in the underground business complex in Northeast Kansas City owned and operated by Hunt Midwest, which will result in the creation of 21 new jobs and \$58 million in new capital investment. With the continued growth of high-tech companies like these, it is no wonder that Missouri was the fastest-growing state for technology employment in 2013, even without a dedicated data center incentive.

- **Rigorous oversight** – Previous data center legislation required random audits of recipients to ensure that the recipient was actually eligible for the exemption.

In addition to failing to include any of the above taxpayer protections found in previous data center legislation, these broad new exemptions would play favorites with the tax code by providing more generous tax benefits for data storage and processing than is currently available to numerous other types of businesses. First, while the current sales tax exemptions for manufacturers in Section 144.054, RSMo, only apply to state sales taxes, this bill would exempt the same type of purchases for data storage and processing activities from local sales taxes as well. Second, while the current manufacturing sales tax exemptions require the tax-exempt items to be actually used in the manufacturing process, these new exemptions for data storage and processing would apply even if the items are used simply “in connection with” or “to facilitate” the storage and processing of data. This could result in purchases only very loosely connected, if at all, to the actual storage and processing of data being claimed as tax-exempt. Offering these broad new exemptions from state and local tax would treat those who manipulate data better than those who manufacture goods, without a clearly articulated economic justification for doing so, without requiring the creation of a single new job, and without accounting for the impact on state and local budgets. Accordingly, this provision does not receive my support.

Special Exemption for Power Companies

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 would also provide a special carve-out from state and local taxes for purchases of a variety of items used in the generation, transmission, distribution, sale or furnishing of electricity by power companies. This provision is written so broadly that these entities could avoid paying any sales and use tax whatsoever, although there is nothing in the bill that would require them to create any new jobs or to pass the savings along to consumers in the form of reduced electricity rates. These new exemptions would abrogate a 2001 Missouri Supreme Court case, which held that the law enacted by the General Assembly did not authorize such tax exemptions for power companies. *See Utilicorp United, Inc. v. Director of Revenue*, 75 S.W.3d 725 (Mo. banc 2001) (machinery and equipment used in transmission of electricity not exempt under Section 144.030, RSMo).

Like other tailor-made exemptions in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584, these new tax exemptions for power companies were inserted during the final hours of the legislative session without a public hearing in any Senate committee. Although not included in any fiscal note for Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584, this provision could reduce state revenue by more than \$30 million annually, none of which was accounted for by the legislature in the budget they enacted just a week earlier.

Furthermore, there is nothing in this provision to prevent the power companies from claiming exemptions from local sales taxes on top of their exemptions from state taxes, which would result in an additional \$30 million annual impact to local revenues. Following its passage, proponents have suggested a narrow interpretation⁴ of the provision to apply only to state taxes because the language is silent as to whether local taxes are also exempted. However, in order to exempt state sales tax and not also exempt the local tax, the legislature must expressly make the exemption inapplicable to local sales tax, as it did in the only current exemption from the state sales taxes that does not also apply to the local sales tax. *See* Section 155.054.2, RSMo (“The exemptions granted in this subsection shall not apply to local sales taxes as defined in section 32.085 . . .”). It is necessary to expressly exclude the local sales tax

⁴There is some irony in urging a narrow interpretation of the new exemptions provided by this bill when in the Missouri Supreme Court case sought to be abrogated the power company argued for an expansive interpretation of the tax exemptions at issue. *See Utilicorp United, Inc.*, 75 S.W.3d at 725-30.

because Section 32.087, RSMo, incorporates all state sales tax exemptions to the local sales tax.⁵ The General Assembly acknowledged this in Senate Substitute for Senate Committee Substitute for House Bill No. 1865, which I am also vetoing today, and which sought to provide state-only tax exemptions for certain purchases by fast food restaurants, convenience stores, and grocery stores, by expressly stating that the exemptions do not apply to the local sales tax. See Section 144.055.3 (“The exemptions granted in this section shall not apply to the local sales tax law as defined in section 32.085”). Mere silence as to whether a state sales tax exemption applies to the local sales tax is insufficient to exempt local taxes, as indicated by other state and local sales tax exemptions that only expressly reference an exemption from the state tax. See, e.g., Section 144.030.1, RSMo; Section 144.062, RSMo. Accordingly, there is nothing in the bill to prevent the power companies from one day seeking a refund of local taxes paid after the effective date of the law, significantly impacting the budgets of local communities.

Special Exemptions for Certain Recreation Activities

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 contains a provision that its proponents contend would simply clarify the current sales tax on fitness activities. Instead, this provision seeks to overturn more than a dozen Missouri Supreme Court cases going back to 1977 followed by the department of revenue over the course of previous and current administrations by fundamentally transforming the current sales tax on “amusement, entertainment, and recreation” into a tax solely on tickets and fees for admission.⁶ Such a dramatic change in the law would make far

⁵ Section 32.087.8, RSMo, provides:

"All exemptions granted to agencies of government, organizations, persons and to the sale of certain articles and items of tangible personal property and taxable services under the provisions of sections 144.010 to 144.525, as these sections now read and as they may hereafter be amended, it being the intent of this general assembly to ensure that the same sales tax exemptions granted from the state sales tax law also be granted under the local sales tax law, are hereby made applicable to the imposition and collection of all local sales taxes imposed under the local sales tax law."

See also *President Casino, Inc. v. Director of Revenue*, 219 S.W.3d 235, 241-42 (mo.banc 2007)(highlighting Section 32.087.8 as an example of where, "[t]he legislature has specifically and directly incorporated sales tax exemptions into a number of other tax statutes. . ."). Notably the 97th General Assembly reenacted Section 32.087.8 last year in Senate Bill 99 (2013), Senate Bill 23 (2013), and House Bill 184 (2013), and each time continued the reference to all state sales tax exemptions applying equally to the local tax.

⁶ The cases abrogated or called into question by this provision include: *Michael Jaudes Fitness Edge, Inc. v. Director of Revenue*, 248 S.W.3d 606 (Mo. banc 2008) (fees paid for personal training subject to tax as fees paid in or to a place of amusement); *Surrey's on the Plaza, Inc. v. Director of Revenue*, 128 S.W.3d 508 (Mo. banc 2004) (operation of horse-drawn carriage tours was place of amusement for sales tax purposes); *Eighty Hundred Clayton Corp. v. Director of Revenue*, 111 S.W.3d 409 (Mo. banc 2003) (fees paid for bowling shoe rental subject to tax when paid in or to a place of amusement); *Wilson's Total Fitness Center, Inc. v. Director of Revenue*, 38 S.W.3d 424 (Mo. banc 2001) (athletic and fitness clubs are places of amusement for sales tax purposes); *Kanakuk-Kanakomo Kamps, Inc. v. Director of Revenue*, 8 S.W.3d 94 (Mo. banc 1999) (summer camps are place of amusement for sales tax purposes); *Old Warson Country Club v. Director of Revenue*, 933 S.W.2d 400 (Mo. banc 1996) (country club is a place of amusement for sales tax purposes); *High Adventure Game Ranch, Inc. v. Director of Revenue*, 824 S.W.2d 905 (Mo. banc 1992) (wild game ranch is a place of amusement for sales tax purposes); *Bally's LeMan's Family Fun Centers, Inc. v. Director of Revenue*, 745 S.W.2d 683 (Mo. banc 1988) (video arcade is a place of amusement for sales tax purposes); *Spudich v. Director of Revenue*, 745 S.W.2d 677 (Mo. banc 1988) (billards palor is a place of amusement for sales tax purposes); *Lynn v. Director of Revenue*, 689 S.W.2d 45 (Mo. banc 1985) (nautical excursion vessel is a place of amusement for sales tax purposes); *Fostaire Harbor, Inc. v. Director of Revenue*, 679 S.W.2d 272 (Mo. banc 1984) (helicopter tours are a place of amusement for sales tax purposes); *City of Springfield v. Director of Revenue*, 659 S.W.2d 782 (Mo. banc 1983) (city recreational facilities are a place of amusement for sales tax purposes); *St. Louis Country Club v. Administrative Hearing Com'n of Missouri*, 657 S.W.2d 614 (Mo. banc 1983) (private country clubs are a place of amusement for sales tax purposes); *Blue Springs Bowl v. Spradling*, 551 S.W.2d 596 (Mo. banc 1977) (commercial bowling establishment is a place of amusement for sales tax purposes).

more than just gym memberships and yoga classes tax free. It would also exempt fees paid at bowling alleys, golf courses, pool halls, country clubs, and arcades, as well as encouraging any business that currently charges an admission fee to convert it into a newly tax-exempt fee for a specific activity. Enacting this sweeping new exemption would further erode the tax base without requiring the creation of even a single new job, in addition to reducing state and local revenue for education, public safety and other vital public services by more than \$70 million annually. The Fiscal Year 2015 budget passed by the General Assembly fails to account for the cost of these new carve-outs, putting the budget out of balance and necessitating spending reductions in order to balance it.

Tax Refunds to Delinquent Taxpayers

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 would modify the established process for obtaining a sales tax refund by allowing a refund even if a taxpayer currently has overdue taxes. This provision is projected to reduce state and local revenue by up to \$10 million annually, although the General Assembly failed to account for any of this fiscal impact in the Fiscal Year 2015 budget they passed. As with many of the tax measures passed by the legislature on the last day of session, this provision was not the subject of a public hearing in any Senate committee.

This provision would enable a business with significant tax delinquencies to get a tax refund for an unrelated overpayment of tax, where under current law the refund could be offset by the amount of tax delinquency. For example, under this provision even a business that owes \$100,000 in back taxes would be able to get a refund check from the state for a \$100,000 unintentional overpayment, so long as the \$100,000 tax delinquency is subject to appeal. Under current law, the \$100,000 refund would be offset by the entire \$100,000 tax delinquency, thereby eliminating the need to later engage in costly and inefficient collection efforts to recover the \$100,000 in overdue taxes. Such a change to the established refund process would unfairly reward those who fail to pay their taxes and would result in costly inefficiencies borne by all law-abiding taxpayers. Accordingly, this provision does not receive my support.

Corporate Income Allocation

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 would enable additional businesses to reduce their corporate income taxes by utilizing an alternative method of calculating the amount of their income that is derived in Missouri. Legislation enacted last year authorized this alternative allocation method for manufacturers and other businesses selling tangible personal property. This provision would expand this alternative method to sellers of intangible personal property and service providers such as law firms, accounting firms, stock brokers, bond traders, real estate holding companies, and consultants.

Like many of the tax measures enacted during the final hours of the legislative session, this provision was never the subject of a public hearing and was not accounted for in the Fiscal Year 2015 budget passed by the General Assembly. A change to Missouri's tax policy that would reduce state revenues by up to \$15 million annually according to the legislature's own estimate should be the subject of open debate, and the foregone revenue must be accounted for in the budget in order to receive my support.

Proving Eligibility for Tax Exemptions

Not only would Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 create broad new tax exemptions, it would also excuse a business trying to claim these or any of the other 200 sales tax exemptions in current law from having to prove that it is actually eligible for the claimed exemption.

While I support eliminating the arbitrary limitation in current law that puts the burden of proof on some businesses but not others in determining tax liability, when it comes to someone trying to claim a tax exemption, they should at a minimum be required to show that they are entitled to it. Claiming a special carve-out or loophole without evidence to support it is unfair to the vast majority of Missouri taxpayers who lack the influence to get special tax exemptions crafted for them by the General Assembly. With the help of the legislature and the best accounting and legal advice, those fortunate enough to take advantage of special exemptions would now be given every incentive to push the outer boundaries of any exemptions that could conceivably apply, further eroding the tax base and shifting an even greater tax burden to the majority of taxpayers. Not content with merely showering the fortunate with a cavalcade of new tax breaks, the General Assembly has gone further to stack the deck in their favor by providing an added incentive to try on an exemption just to see if it fits. This is not a tax policy that I can support.

In accordance with the above-stated reasons for disapproval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill No. 593 entitled:

AN ACT

To repeal section 115.124, RSMo, and to enact in lieu thereof two new sections relating to nonpartisan elections.

I disapprove of Senate Substitute for Senate Committee Substitute for Senate Bill No. 593. My reasons for disapproval are as follows:

Senate Substitute for Senate Committee Substitute for Senate Bill No. 593 would authorize municipalities with 1,000 or fewer residents to cancel an election if the number of candidates that initially filed for office is equal to the number of vacancies to be filled for the office. To take advantage of this authority, the municipality's voters must approve a ballot measure and then renew the authority by a public vote every six years.

Like legislation I have vetoed in the past, Senate Substitute for Senate Committee Substitute for Senate Bill No. 593 would limit the rights of Missouri citizens to support write-in candidates and therefore does not receive my approval. The previously-vetoed Conference Committee Substitute for House Committee Substitute for Senate Bill No. 282 (2011) contained a provision cancelling elections in municipalities with populations of less than 35,000, which would have affected more than 900 Missouri municipalities. My veto message pointed out that cancelling an election when the number of candidates is equal to the number of available positions would preclude citizens from electing a candidate through the write-in process, which is particularly important when voters learn something negative about the declared candidate after the deadline for filing but before the election.

Although somewhat improved by virtue of the public vote to authorize and reauthorize the option to cancel elections, Senate Substitute for Senate Committee Substitute for Senate Bill No. 593 contains the same infirmity presented by Conference Committee Substitute for House Committee Substitute for Senate Bill No. 282 (2011) with respect to write-in candidates. Write-in candidates do not have to file until the Wednesday before the election, but they would no longer be able to do so in the more than 650 Missouri municipalities affected by this bill, even if negative information about the unopposed candidate came to light prior to the election but after regular candidate filing had closed. Moreover, the small municipalities covered by this provision are precisely the communities in which write-in candidates are the most likely to succeed. Because I support the rights of citizens to elect write-in candidates I do not support this bill.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Committee Substitute for Senate Bill No. 593 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 3, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 600 entitled:

AN ACT

To repeal sections 42.170, 42.200, 42.220, 170.049, 171.051, 301.3142, 347.179, 351.065, 354.150, 355.021, 357.060, 358.440, 359.651, 394.250, and 417.220, RSMo, and to enact in lieu thereof eighteen new sections relating to veterans, with penalty provisions.

On July 3, 2014, I approved said House Committee Substitute for Senate Bill No. 600.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 601 entitled:

AN ACT

To repeal section 143.121, RSMo, and to enact in lieu thereof one new section relating to an income tax deduction for energy efficiency projects.

On July 7, 2014, I approved said Senate Bill No. 601.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 606 entitled:

AN ACT

To repeal section 379.901, RSMo, and to enact in lieu thereof one new section relating to prepaid legal service plans.

I am today returning House Committee Substitute for Senate Bill No. 606 with my approval. This bill will become law because while it no longer requires a person who solicits memberships on behalf of a prepaid legal services plan to be licensed as an insurance agent, it will strengthen the regulation of such individuals by subjecting them to civil and criminal enforcement by the Missouri Attorney General pursuant to the Missouri Merchandising Practices Act.

During the legislative process, concerns were expressed that House Committee Substitute for Senate Bill No. 606 would eliminate state oversight of individuals selling pre-paid legal service plans and put consumers at risk. However, while House Committee Substitute for Senate Bill No. 606 does eliminate the requirement to be licensed as an insurance agent, other consumer protections will now apply to ensure Missouri consumers receive the services they are sold. Under the Missouri Merchandising Practices Act, the Attorney General's Office and local prosecutors will be able to take action against individuals and companies who use false or deceptive practices when they solicit these memberships, and an individual harmed by such can bring a civil action. In addition, House Committee Substitute for Senate Bill No. 606 does nothing to change the fact that companies selling casualty insurance to cover potential future legal expenses must continue to be licensed and will still be regulated by the Department of Insurance, Financial Institutions and Professional Registration. With confidence in the ability of the Attorney General to take action to protect consumers and the authority of the Department of Insurance, Financial Institutions and Professional Registration to continue to oversee insurance companies, I can approve this legislation.

In accordance with the above stated reasons for approval, I am returning House Committee Substitute for Senate Bill 606 with my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 5, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 609 entitled:

AN ACT

To repeal sections 379.011 and 379.012, RSMo, and to enact in lieu thereof two new sections relating to providing certain insurance documents through electronic means.

On June 5, 2014, I approved said Senate Bill No. 609.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 5, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 610 entitled:

AN ACT

To repeal section 407.725, RSMo, and to enact in lieu thereof one new section relating to commercial exterior contractors.

On June 5, 2014, I approved said Senate Bill No. 610.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 entitled:

AN ACT

To repeal sections 143.183, 143.451, 144.021, and 144.054, RSMo, and to enact in lieu thereof four new sections relating to taxation.

I disapprove of Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612. My reasons for disapproval are as follows:

Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

In enacting and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and other vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days. There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level,² from the projected nearly \$776 million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; House Committee Substitute for Senate Bill No. 727; Senate Committee Substitute for Senate Bill No. 829; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

² In addition to impacting the general local sales tax imposed under Section 32.085, exemptions from local sales tax would reduce revenue collected through numerous voter-approved local sales taxes that are targeted to specific, community supported needs. Examples include the County Anti-Drug Sales Tax, Sections 67.391, 67.392, RSMo; County Construction Sales Tax, Sections 67.550, 67.590, RSMo; Museums and Festivals Sales Tax, Sections 67.571, 67.578, RSMo; Law Enforcement Services Sales Tax, Sections 67.582, 67.584, 92.500, RSMo; Capital Improvements Sales Tax, Sections 67.700, 67.730, 94.577, 94.578, 94.890, RSMo; Storm Water Control and Public Works Sales Tax, Sections 67.701, 67.729, 94.413, RSMo; Public Recreation Projects and Programs Sales Tax, Sections 67.745, 67.782, RSMo; Regional Recreation Districts Sales Tax, Section 67.799, RSMo; Perry County Senior Services and Youth Programs Sales Tax, Section 67.997, RSMo; Economic Development Sales Tax, Sections 67.1300, 67.1303, 67.1305, 94.1008, 94.1010, 94.1012, RSMo; Community Improvement Districts Sales Tax, Section 67.1545, RSMo; Metropolitan Parks and Recreation Districts Sales Tax, Section 67.1712, RSMo; Children's Services Sales Tax, Section 67.1775, RSMo; Water Quality, Tourism, and Infrastructure Sales Tax, Section 67.1922, RSMo; Tourism Community Enhancement Districts Sales Tax, Section 67.1959, RSMo; Exhibition Center and Recreational Facility Districts Sales Tax, Section 67.2000, RSMo; Tourism Promotion Sales Tax, Section 67.2030, RSMo; Construction of Women's and Children's Shelter Sales Tax, Section 67.2040, RSMo; Theater, Cultural Arts, and Entertainment Districts Sales Tax, Section 67.2530, RSMo; Parks, Trails, and Greenways Districts Sales Tax, Section 67.5012, RSMo; Mass Transit Sales Tax, Section 92.402, RSMo; Public Safety Sales Tax, Sections 94.579, 94.581, 94.900, 94.902, RSMo; Community Center Sales Tax, Section 94.585, RSMo; Transportation Sales Tax, Sections 94.605, 94.660, 94.705, RSMo; Historical Locations and Museums Sales Tax, Section 94.950, RSMo; Medical Care for the Medically Indigent Sales Tax, Section 94.1000, RSMo; Kansas City Zoological District Sales Tax, Sections 94.1000, 184.503, RSMo; Transportation Development District Sales Tax, Section 238.235, RSMo; County Transit Authority Sales Tax, Section 238.410, RSMo; and Storm Water Control and Parks Sales Tax, Section 644.032, RSMo.

Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 and the other measures I am vetoing today would add to the more than 260 sales tax exemptions and tax credits that litter Missouri's tax code without requiring the creation of a single new job. The continued erosion of the tax base through such individualized exemptions and credits violates well-established principles of sound tax policy calling for a broad tax base so that tax rates can remain low. The General Assembly has ignored repeated calls to reduce these costly and inefficient carve-outs and has instead rushed through many more, leaving Missouri families to pick up the tab for education and vital public services.

The unabated growth of such special carve-outs and the fiscal irresponsibility of failing to budget for them are all the more troubling when the General Assembly is simultaneously seeking to raise taxes on all Missourians with what could be the largest tax hike in Missouri history. While the benefits of the more than one billion dollars in annual tax breaks passed by the legislature over the past two months will go disproportionately to the wealthy, the burden of this multi-billion dollar tax increase for transportation would fall disproportionately on Missouri's working families and seniors.

The special breaks in Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 and the other bills that I am vetoing today are not the mere clarifications that their supporters claim. Instead, they seek to overrule no fewer than twenty Missouri Supreme Court cases going back to 1977 that have been followed by the department of revenue over the course of previous and current administrations. In nearly every one of the cases sought to be overturned, the court ruled that the law enacted by the General Assembly required a tax to be collected, notwithstanding that a particular businesses had hoped to be excused from the legal obligations we all share. While it is well within the rights of a losing litigant to petition their elected representatives, it is wholly disingenuous to call doing so here anything other than what it is—seeking a special exemption from the law, as currently written and as confirmed by the courts.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadened the overall tax base and reduced tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 and the other bills I am vetoing today. For the reasons stated herein, this is an endeavor I cannot support.

Windfall Refunds and Retroactive Immunity

Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would mandate governmental notification before a business is under any legal obligation to collect and remit sales tax under an administrative or judicial decision that modifies the items subject to tax. *See* Section 144.021.2. This ambiguously-worded provision is projected to reduce state and local revenues by up to \$200 million annually.³ As with the various other tax measures the General Assembly rushed through on the last day of session, the Fiscal Year 2015 budget they enacted fails to account for any of the revenue reductions that would result from this provision.

³ A significant portion of the fiscal impact from this provision is due to its failure to prohibit a business that was properly collecting tax from claiming a refund for the taxes it paid prior to receiving the notification called for under the bill. Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662, which I am also vetoing today, contains a similar provision but includes language that expressly prohibits refunds for businesses that had been correctly collecting the tax, thereby reducing its projected fiscal impact.

Mandatory governmental notification before a law applies would turn on its head the long-standing principle of our democracy that individuals are presumed to know the law. It is one thing to require the government to provide information about recent developments in the law so that those affected can adjust their prospective conduct accordingly, but it is quite another to condition whether that law even applies based upon whether a person has received personal notification of the law's existence. This kind of governmental paternalism is unprecedented. This year alone the General Assembly passed nearly 200 bills modifying thousands of pages of Missouri law that apply to all manner of conduct. The General Assembly should not have to send a letter to every Missourian before this legion of new laws takes effect. Similarly, every potential criminal should not have to receive a notice describing this year's revisions to the state's criminal code before they can be prosecuted under it.

This provision in Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 also misunderstands tax law. Although a decision of the director of revenue is listed as an example of a "modification" triggering the duty to notify established by the bill, the director has no power to finally determine whether an item is taxable or not; that authority lies solely with those who write the tax laws—the General Assembly—and those that finally interpret them—the Missouri Supreme Court.

See Mo. Const. Art. V, Sec. 3 (giving the Missouri Supreme Court exclusive appellate jurisdiction over the construction of the revenue laws of this state). Similarly, a decision of the administrative hearing commission is listed as something that can trigger notification. However, while the administrative hearing commission has the power to hear individual disputes, a decision of that body is not binding beyond the parties, and therefore it cannot finally "modify" what is taxable or not for other affected sellers.

Although a decision of the Missouri Supreme Court might "change[] which items of tangible personal property or services are taxable" within the meaning of the bill, the court decisions that purportedly prompted this provision and many of the new exemptions passed on the final day of the legislative session did not. In each of those cases, the Missouri Supreme Court found that the current law, as enacted by the General Assembly, required a tax to be paid, notwithstanding that a particular business had tried to get out of this legal obligation.⁴ The decisions did not newly subject an item to tax; instead, they simply confirmed that such items were and are taxable. However, there is nothing in this bill to prevent a business from arguing that court decisions like these are "modifications" triggering a notification to all affected sellers that what was always taxable continues to be taxable as confirmed by the Missouri Supreme Court.

The bill provides far-reaching consequences for such a notification. Under the bill, a failure to notify an affected seller "shall relieve such seller of liability for taxes that would be due under the modification." See Section 144.021.2. Accordingly, receiving a notification gives any business that was not collecting taxes prior to the notice retroactive immunity for taxes that the Missouri Supreme Court has confirmed should have been collected. Under this bill, even the specific business that had sought to avoid paying

⁴ This is true whether it was the court reaffirming this year the tax a laundry first sought to avoid in 1989, see *AAA Laundry & Linen Supply Co. v. Director of Revenue*, 425 S.W.3d 126, 127 (Mo. banc 2014) (discussing *Unitog Rental Services, Inc. v. Director of Revenue*, 779 S.W.2d 568 (Mo. banc 1989)), affirming that the General Assembly's laws did not exempt the purchases claimed as tax free by convenience stores, restaurants, or grocery stores, see *Aquila Foreign Qualifications Corp. v. Director of Revenue*, 362 S.W.3d 1, 2 (Mo. banc 2012); *Brinker Missouri, Inc. v. Director of Revenue*, 319 S.W.3d 433, 435 (Mo. banc 2010); *Union Elec. Co. v. Director of Revenue*, 425 S.W.3d 118, 120 (Mo. banc 2014), or clarifying in 2008 that "tax is due for 'fees paid to, or in any place of amusement, entertainment or recreation,'" see *Michael Jaudes Fitness Edge, Inc. v. Director of Revenue*, 248 S.W.3d 606 (Mo. banc 2008) (affirming denial of refund claim for taxes paid at fitness center based on *Wilson's Total Fitness Center, Inc. v. Director of Revenue*, 38 S.W.3d 424 (Mo. banc 2001)).

taxes, hired a lawyer to litigate the issue, and lost in court, could argue that it had no tax liability for any of the taxes the court ordered it to pay prior to being notified of the decision in its own case.

Even more problematic than retroactive immunity for businesses that had not been collecting and remitting the taxes required by the law would be the windfall for businesses that had been correctly collecting the taxes required prior to the court decision confirming their obligation to do so. Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would waive any tax liability prior to receiving the required notification and, unlike a similar provision in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662, it does not expressly preclude a business that had been properly collecting the tax from this waiver of tax liability. Accordingly, there is nothing in this bill preventing a business that was properly collecting the tax from claiming a refund for the taxes it correctly collected prior to being notified of a Missouri Supreme Court decision confirming that the tax it had been correctly collecting was required under the law. Under this provision, the vast majority of businesses properly collecting tax could seek a windfall refund simply because a particular business had sought to avoid its legal obligation, litigated, and lost.

The problems with this provision extend beyond windfall refunds and retroactive immunity, to the additional governmental intrusion and burden on taxpayers that could result from the requirement to provide a personal notification to each and every affected seller. Such individualized notification would require the department of revenue to more closely and more frequently scrutinize sales data and other business information it obtains and to potentially require additional information in order to determine precisely which businesses might be affected by a given decision. In addition, because addresses, ownership and personal contact information change over time, the department would need to gather updated information more frequently and perhaps maintain a comprehensive database of such information to ensure cost-effective compliance with the personalized notification requirement of the bill. The need to continually maintain up-to-date sales and other business information would result in additional burdens for taxpayers that could be avoided with a less onerous, and likely more effective, method of providing generalized notice of updates in the law than the personal notification mandated by Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612.

If it were to become law, Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would create no shortage of work for tax attorneys and consultants. It provides a clear incentive for businesses to engage in otherwise unnecessary litigation in the hopes of obtaining a “decision” arguably constituting a “modification” in order to trigger individual notification and then either a windfall refund if they were complying with the law or retroactive immunity if they were violating it. Moreover, it will require all taxpayers to bear the cost of staffing and postage to comply with the personal notification mandate, while putting additional burdens on businesses through additional government intrusion into their affairs. While providing up-to-date information to taxpayers is a laudable policy, Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 fails to accomplish it and instead puts additional burden on taxpayers and significantly reduces state and local revenue. Accordingly, this measure does not receive my support.

Special Exemptions for Commercial Laundries and Dry Cleaners

Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would exempt commercial laundries and dry cleaners from paying state and local sales and use taxes on their purchases of materials, goods, machinery, electrical energy and gas, chemicals, soaps, detergents, cleaning and sanitizing agents, and other ingredients used to treat, clean and sanitize textiles. These new tax exemptions would only be available for large commercial and industrial laundries and dry cleaners—facilities that process at least 500 pounds per hour and 60,000 pounds per week. There is no requirement that a benefitting business create any new jobs to take advantage of these broad new exemptions. Moreover, the General Assembly failed to account for the projected \$2 million annual

reduction in state revenue in the budget they enacted for the fiscal year starting July 1, as well as an additional \$2 million reduction projected for local jurisdictions.

Like many of the exemptions and carve-outs rushed through on the last day of the legislative session, these new exemptions for laundries and dry cleaners are not mere clarifications of existing sales and use tax law. Instead, this provision would seek to overrule 25 years of legal precedent holding that cleaning dirty clothes is not the same as manufacturing. In 1989, the Missouri Supreme Court first “plumbed the sudsy depths of various sales and use tax exemptions and found no application to commercial laundry operations.” *AAA Laundry & Linen Supply Co. v. Director of Revenue*, 425 S.W.3d 126, 127 (Mo. banc 2014) (discussing *Unitog Rental Services, Inc. v. Director of Revenue*, 779 S.W.2d 568 (Mo. banc 1989)). Earlier this year, the court similarly rejected a commercial laundry’s attempt to avoid paying its taxes, reiterating that, as in 1989, the laws enacted by the General Assembly did not provide a tax exemption. *Id.* at 127-29. Following this decision, the laundry league lobbied lawmakers for tailor-made exemptions that would treat ironing out the wrinkles as “processing” a shirt and getting out the grass stains as “manufacturing” a pair of pants, thereby abrogating a quarter century of law and relieving the laundries of their previous legal obligations.

Because these new exemptions were enacted without regard for the normal legislative process—slipped into the bill without ever being in an introduced bill, without ever being the subject of a public hearing, and without ever being included in a fiscal note that reflected their cost—it is not surprising that they promote poor tax policy. First, these exemptions draw a seemingly arbitrary distinction between the laundries and dry cleaners fortunate enough to gain this generous new benefit and the rest who are left out to dry. Under this provision, a laundry that processes 59,999 pounds per week would have to continue paying their taxes, but a laundry processing a single pound more would be entitled to broad new exemptions from state and local taxes. This distorts the free market and puts smaller laundries and dry cleaners (not to mention the Missouri families who are doing their own laundry) in the position of subsidizing the operations of the larger ones. The large commercial laundries might be getting their detergent tax-free, but the rest of Missouri taxpayers would be getting taken to the cleaners.

Moreover, this provision does not simply give commercial laundries and dry cleaners the same tax exemptions enjoyed by other businesses. It gives them more lucrative ones. Although some of the tax exemptions available to manufacturers are limited solely to state taxes, these new exemptions for laundries would apply to local taxes as well. With this provision, the General Assembly would be privileging washing dirty clothes over manufacturing new products, giving commercial dry cleaners and laundries a better deal than Missouri manufacturers without any clearly-articulated economic justification for doing so and without requiring the creation of a even a single new job. Particularly when coupled with the fiscal irresponsibility of failing to account for the fiscal impact in the budget, these exemptions represent poor tax policy and poor fiscal policy, and cannot receive my approval.

Corporate Income Allocation

Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 would enable additional businesses to reduce their corporate income taxes by utilizing an alternative method of calculating the amount of their income that is derived in Missouri. Legislation enacted last year authorized this alternative allocation method for manufacturers and other businesses selling tangible personal property. This provision would expand this alternative method to sellers of intangible personal property and service providers such as law firms, accounting firms, stock brokers, bond traders, real estate holding companies, and consultants.

Like many of the tax measures enacted during the final hours of the legislative session, this provision was never the subject of a public hearing and was not accounted for in the Fiscal Year 2015 budget passed by the General Assembly. A change to Missouri’s tax policy that would reduce state revenues by

up to \$15 million annually according to the legislature's own estimate should be the subject of open debate, and the foregone revenue must be accounted for in the budget in order to receive my support.

In accordance with the above-stated reasons for disapproval, I am returning Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Bill No. 615 entitled:

AN ACT

To repeal sections 49.272, 452.556, 476.056, 478.320, 478.437, 478.464, 478.513, 478.600, 483.140, 488.012, 488.014, 488.426, 488.607, 550.040, 550.060, 575.153, and 610.021, RSMo, section 476.385 as enacted by conference committee substitute for house committee substitute for senate bill no. 23, ninety-seventh general assembly, first regular session, and section 476.385 as enacted by conference committee substitute for senate substitute for senate committee substitute for house bill no. 683, ninety-fifth general assembly, first regular session, and to enact in lieu thereof twenty-one new sections relating to the administration of justice, with an existing penalty provision, and an emergency clause for certain sections.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Bill No. 615. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 615 contains a number of worthwhile provisions that can become law with my action on other legislation. However, because this bill would reduce government transparency by exempting certain records of the Lieutenant Governor from disclosure under Chapter 610, RSMo, commonly known as the Missouri Sunshine Law, it does not receive my approval.

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 615 would amend Chapter 610, RSMo, to authorize the closure of "[i]ndividually identifiable records submitted to the office of the Lieutenant Governor concerning or relating to reports of waste, fraud, and abuse of public resources." However, as noted by the State Auditor in his most recent audit of the Lieutenant Governor's Office, "the Lieutenant Governor lacks the statutory authority to investigate public concerns

regarding the suspected misuse of taxpayer monies or to create a website or telephone hotline for that purpose.”¹ Moreover, the State Auditor recognized that “because state law already provides other elected officials and agencies, such as the State Auditor, the Attorney General, the Department of Social Services, and the Department of Labor and Industrial Relations, Division of Workers’ Compensation, with authority to investigate fraud and misuse of public funds, the Lieutenant Governor’s Missouri Waste Report may be a duplication of effort and a waste of state resources.”

Missouri law already provides confidentiality protections for individuals making reports or allegations of improper governmental activity to agencies that actually have the statutory authority to investigate such allegations. For example, just last year I signed legislation authorizing the State Auditor to receive reports or allegations of improper governmental activities and allowing reporting individuals to choose to remain anonymous. See Section 29.221, RSMo. Although maintaining confidentiality may be warranted where information is being provided to an agency with the legal authority to investigate the allegations, there is no sound reason for shielding from public scrutiny an office that lacks such authority. Accordingly, this bill does not receive my approval.

In accordance with the above stated reasons for disapproval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Bill No. 615 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

¹ See *Audit of the Office of Lieutenant Governor*, Report No. 2013-099 (October 2013), which is available at <http://www.auditor.mo.gov/Press/2013-099.pdf>. In the audit, the State Auditor noted: “The General Assembly increased the Lieutenant Governor’s fiscal year 2014 personnel service appropriation by \$38,000 to support the website; through July 2013, the office had spent \$2,700 and the Lieutenant Governor’s campaign committee paid \$1,189 for the website.”

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 621 entitled:

AN ACT

To repeal sections 3.010, 3.066, 3.090, 56.110, 67.320, 408.040, 447.560, 447.584, 452.556, 476.001, 476.320, 476.330, 476.340, 478.240, 478.320, 478.437, 478.464, 478.513, 478.600, 478.610, 488.305, 525.040, 525.070, 525.080, 525.230, 525.310, 550.040, 550.060, 632.480, 632.483, 632.484, and 650.120, RSMo, and to enact in lieu thereof thirty-seven new sections relating to judicial procedures, with penalty provisions and an effective date for certain sections and an emergency clause for certain sections.

Supplement

On July 8, 2014, I approved said Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 621.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 1, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 635 entitled:

AN ACT

To amend chapter 135, RSMo, by adding thereto one new section relating to incentives for interstate business relocation.

On July 1, 2014, I approved said Senate Committee Substitute for Senate Bill No. 635.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 1, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 639 entitled:

AN ACT

To amend chapter 192, RSMo, by adding thereto one new section relating to mammography reports containing information regarding breast density.

On July 1, 2014, I approved said Senate Committee Substitute for Senate Bill No. 639.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 642 entitled:

AN ACT

To repeal sections 260.273, 260.279, 260.355, 260.380, 260.392, 260.475, 444.510, 444.520, 444.762, 444.765, 444.770, 444.772, 444.773, 444.805, 640.015, 640.016, 640.100, 643.055, 643.079, 644.026, 644.051, 644.057, and 644.145, RSMo, and to enact in lieu thereof twenty-five new sections relating to natural resources.

On July 7, 2014, I approved said Senate Committee Substitute for Senate Bill No. 642.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 643 entitled:

AN ACT

To repeal sections 3.010, 3.066, and 3.090, RSMo, and to enact in lieu thereof three new sections relating to the publishing of Missouri statutes.

On July 2, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 643.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 655 entitled:

Supplement

AN ACT

To repeal sections 67.281, 441.005, 441.500, 441.760, 441.770, 512.180, 516.350, 534.060, 534.350, 534.360, 534.380, 535.030, 535.110, 535.160, 535.170, 535.200, 535.210, and 569.130, RSMo, and to enact in lieu thereof eighteen new sections relating to property.

On July 8, 2014, I approved said House Committee Substitute for Senate Bill No. 655.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 14, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Bill No. 656 entitled:

AN ACT

To repeal sections 21.750, 84.340, 571.030, 571.101, 571.107, 571.111, 571.117, 575.153, 590.010, and 590.205, RSMo, and to enact in lieu thereof sixteen new sections relating to firearms, with penalty provisions.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Bill No. 656. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 656 would allow Missouri school districts to designate teachers or administrators as “school protection officers,” who would be authorized to carry concealed firearms within those districts. I have consistently opposed the arming of teachers as a means to keep schools safe. It is simply the wrong approach, and one that I do not support.

The safety of Missourians – especially children – has long been a top priority of mine, both as Governor and as the former chief law enforcement officer of our state. I have supported, and will continue to support, the use of duly authorized law enforcement officers employed as school resource officers in schools. This bill, which would create a new mechanism for the arming of teachers, would not make schools safer. Consequently, I am returning it without my approval.

In accordance with the above stated reasons for disapproval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Bill No. 656 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 entitled:

AN ACT

To repeal sections 143.451, 144.021, and 144.080, RSMo, and to enact in lieu thereof four new sections relating to taxation, with existing penalty provisions.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support. In enacting Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and other vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days.

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; House Committee Substitute for Senate Bill No. 727; Senate Committee Substitute for Senate Bill No. 829; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level,² from the projected \$776 million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 and the other measures I am vetoing today would add to the more than 260 sales tax exemptions and tax credits that litter Missouri's tax code without requiring the creation of a single new job. The continued erosion of the tax base through such individualized exemptions and credits violates well-established principles of sound tax policy calling for a broad tax base so that tax rates can remain low. The General Assembly has ignored repeated calls to reduce these costly and inefficient carve-outs and has instead rushed through many more, leaving Missouri families to pick up the tab for education and vital public services.

The unabated growth of such special carve-outs and the fiscal irresponsibility of failing to budget for them are all the more troubling when the General Assembly is simultaneously seeking to raise taxes on all Missourians with what could be the largest tax hike in Missouri history. While the benefits of the more than one billion dollars in annual tax breaks passed by the legislature over the past two months will go disproportionately to the wealthy, the burden of this multi-billion dollar tax increase for transportation would fall disproportionately on Missouri's working families and seniors.

The special breaks in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 and the other bills that I am vetoing today are not the mere clarifications that their supporters claim. Instead, they seek to overrule no fewer than twenty Missouri Supreme Court decisions going back to 1977 that have been followed by the department of revenue over the course previous and current administrations. In nearly every one of the cases sought to be overturned, the court ruled that the law enacted by the General Assembly required a tax to be collected, notwithstanding that a particular businesses had hoped to be excused from the legal obligations we all share. While it is well within the rights of a losing litigant to petition their elected representatives, it is wholly disingenuous to call doing so here anything other than what it is—seeking a special exemption from the law, as currently written and as confirmed by the courts.

² In addition to impacting the general local sales tax imposed under Section 32.085, exemptions from local sales tax would reduce revenue collected through numerous voter-approved local sales taxes that are targeted to specific, community supported needs. Examples include the County Anti-Drug Sales Tax, Sections 67.391, 67.392, RSMo; County Construction Sales Tax, Sections 67.550, 67.590, RSMo; Museums and Festivals Sales Tax, Sections 67.571, 67.578, RSMo; Law Enforcement Services Sales Tax, Sections 67.582, 67.584, 92.500, RSMo; Capital Improvements Sales Tax, Sections 67.700, 67.730, 94.577, 94.578, 94.890, RSMo; Storm Water Control and Public Works Sales Tax, Sections 67.701, 67.729, 94.413, RSMo; Public Recreation Projects and Programs Sales Tax, Sections 67.745, 67.782, RSMo; Regional Recreation Districts Sales Tax, Section 67.799, RSMo; Perry County Senior Services and Youth Programs Sales Tax, Section 67.997, RSMo; Economic Development Sales Tax, Sections 67.1300, 67.1303, 67.1305, 94.1008, 94.1010, 94.1012, RSMo; Community Improvement Districts Sales Tax, Section 67.1545, RSMo; Metropolitan Parks and Recreation Districts Sales Tax, Section 67.1712, RSMo; Children's Services Sales Tax, Section 67.1775, RSMo; Water Quality, Tourism, and Infrastructure Sales Tax, Section 67.1922, RSMo; Tourism Community Enhancement Districts Sales Tax, Section 67.1959, RSMo; Exhibition Center and Recreational Facility Districts Sales Tax, Section 67.2000, RSMo; Tourism Promotion Sales Tax, Section 67.2030, RSMo; Construction of Women's and Children's Shelter Sales Tax, Section 67.2040, RSMo; Theater, Cultural Arts, and Entertainment Districts Sales Tax, Section 67.2530, RSMo; Parks, Trails, and Greenways Districts Sales Tax, Section 67.5012, RSMo; Mass Transit Sales Tax, Section 92.402, RSMo; Public Safety Sales Tax, Sections 94.579, 94.581, 94.900, 94.902, RSMo; Community Center Sales Tax, Section 94.585, RSMo; Transportation Sales Tax, Sections 94.605, 94.660, 94.705, RSMo; Historical Locations and Museums Sales Tax, Section 94.950, RSMo; Medical Care for the Medically Indigent Sales Tax, Section 94.1000, RSMo; Kansas City Zoological District Sales Tax, Sections 94.1000, 184.503, RSMo; Transportation Development District Sales Tax, Section 238.235, RSMo; County Transit Authority Sales Tax, Section 238.410, RSMo; and Storm Water Control and Parks Sales Tax, Section 644.032, RSMo.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadened the overall tax base and reduced tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 and the other bills I am vetoing today. For the reasons stated herein, this is an endeavor I cannot support.

Retroactive Immunity

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would mandate governmental notification before a business is under any legal obligation to collect and remit sales tax under an administrative or judicial decision that modifies the items subject to tax. As with the various other tax measures the General Assembly rushed through on the last day of session, the Fiscal Year 2015 budget they enacted fails to account for the reduction in revenue that would result from this provision.³

Mandatory governmental notification before a law applies would turn on its head the long-standing principle of our democracy that individuals are presumed to know the law. It is one thing to require the government to provide information about recent developments in the law so that those affected can adjust their prospective conduct accordingly, but it is quite another to condition whether that law even applies on whether someone has received a personal notification of the law's existence. This kind of governmental paternalism is unprecedented. This legislative session alone the General Assembly passed nearly 200 bills modifying thousands of pages of Missouri law that apply to all manner of conduct. The General Assembly should not have to send a letter to every Missourian before this legion of new laws takes effect. Similarly, every potential criminal should not have to receive a notice describing this year's revisions to the state's criminal code before they can be prosecuted under it.

This provision in Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 also misunderstands the tax law. Although a decision of the director of revenue is listed as an example of a "modification" triggering notification under the bill, the director has no power to finally determine whether an item is taxable or not; that authority lies solely with those who write the tax laws—the General Assembly—and those that finally interpret them—the Missouri Supreme Court. *See* Mo. Const. Art. V, Sec. 3 (giving the Missouri Supreme Court exclusive appellate jurisdiction over the construction of the revenue laws of this state). Similarly, a decision of the administrative hearing commission is listed as something that can trigger notification under the bill. However, while the administrative hearing commission has the power to hear individual disputes, a decision of that body is not binding beyond the parties, and therefore it cannot finally "modify" what is or is not taxable for other affected sellers.

Although a decision of the Missouri Supreme Court might "change[] which items of tangible personal property or services are taxable" within the meaning of the bill, the decisions that purportedly prompted this provision and many of the new exemptions passed on the final day of the legislative session did not.

³ Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612, which I am also vetoing today, contains a similar provision, but it does not prohibit a business that was properly collecting tax from claiming a refund for taxes paid prior to receiving the notice confirming their obligation to continue doing so. By expressly prohibiting refunds in such situations, Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would have a significantly lower fiscal impact than the similar provision in Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612.

In each of those cases, the Missouri Supreme Court found that the current law, as enacted by the General Assembly, required a tax to be paid, notwithstanding that a particular business had tried to get out of this legal obligation.⁴ The decisions did not newly subject some item to tax; instead, they simply confirmed that such items were and are taxable. However, there is nothing in the bill preventing a business from arguing that court decisions like these are “modifications” triggering notification to all affected sellers that the Missouri Supreme Court has confirmed that what was always taxable continues to be taxable.

The bill provides far-reaching consequences for such a notification. Under the bill, a failure to notify an affected seller “shall relieve such seller of liability for taxes that would be due under the modification.” See Section 144.021.2. Accordingly, receiving a notification gives any business that was not collecting taxes prior to the notice retroactive immunity for taxes that the Missouri Supreme Court has confirmed should have been collected. Under this bill, even the specific business that sought to avoid paying taxes, hired a lawyer to litigate the issue, and lost in court, could argue that it has no tax liability for the taxes the court ordered it to pay prior to being notified about the decision in its own case.

The problems with this provision extend beyond retroactive immunity to the additional governmental intrusion and burden on taxpayers resulting from the requirement to provide a personal notification to each and every affected seller. Such individualized notification will require the department of revenue to more closely and more frequently scrutinize sales data and other business information it obtains and to potentially require additional information in order to determine precisely which businesses might be affected by a given decision. In addition, because addresses, ownership and personal contact information change over time, the department would need to gather updated information more frequently and perhaps maintain a database of such information to ensure cost-effective compliance with the personalized notification requirement of the bill. The need to continually maintain up-to-date information would result in additional burdens for taxpayers that could be avoided with a less onerous, and likely more effective, method of providing generalized notice of updates in the law than the personal notification mandated by Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662.

If it were to become law, Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would create no shortage of work for tax attorneys and consultants. It provides a clear incentive for businesses to engage in otherwise unnecessary litigation in the hopes of obtaining a “decision” arguably constituting a “modification” in order to trigger individual notification and then retroactive immunity if they were violating the law. Moreover, it will require all taxpayers to bear the cost of staffing and postage to comply with the personal notification mandate, while putting additional burdens on businesses through additional government intrusion into their affairs. While providing up-to-date information to taxpayers is a laudable policy, Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 fails to accomplish it and instead puts additional burden

⁴This is true whether it was the court reaffirming this year that the tax a laundry first sought to avoid had been in place since at least 1989, see *AAA Laundry & Linen Supply Co. v. Director of Revenue*, 425 S.W.3d 126, 127 (Mo. banc 2014) (discussing *Unitog Rental Services, Inc. v. Director of Revenue*, 779 S.W.2d 568 (Mo. banc 1989)), affirming that the General Assembly’s laws did not exempt the purchases claimed as tax free by convenience stores, restaurants, or grocery stores, see *Aquila Foreign Qualifications Corp. v. Director of Revenue*, 362 S.W.3d 1, 2 (Mo. banc 2012); *Brinker Missouri, Inc. v. Director of Revenue*, 319 S.W.3d 433, 435 (Mo. banc 2010); *Union Elec. Co. v. Director of Revenue*, 425 S.W.3d 118, 120 (Mo. banc 2014), or clarifying in 2008 that “tax is due for ‘fees paid to, or in any place of amusement, entertainment or recreation,” see *Michael Jaudes Fitness Edge, Inc. v. Director of Revenue*, 248 S.W.3d 606 (Mo. banc 2008) (affirming denial of refund claim for taxes paid at fitness center based on *Wilson’s Total Fitness Center, Inc. v. Director of Revenue*, 38 S.W.3d 424 (Mo. banc 2001)).

on taxpayers and significantly reduces state and local revenue. Accordingly, this measure does not receive my support.

Special Exemption for Personal Seat Licenses

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would exempt from tax a right of first refusal for tickets sold at the Sprint Center in Kansas City. As with the other new exemptions enacted in this and similar bills, the General Assembly failed to account for the fiscal impact of this exemption in the Fiscal Year 2015 budget they enacted. It is unclear why this activity should receive a new special tax exemption, and it is even more unclear why the General Assembly would pass a special law, potentially violating the Missouri Constitution, in order to effectuate it. Unfortunately, because this provision never received a public hearing, the answer remains as elusive as my support.

Corporate Income Allocation

Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 would enable additional businesses to reduce their corporate income taxes by utilizing an alternative method of calculating the amount of their income that is derived in Missouri. Legislation enacted last year authorized this alternative allocation method for manufacturers and other businesses selling tangible personal property. This provision would expand this alternative method to sellers of intangible personal property and service providers such as law firms, accounting firms, stock brokers, bond traders, real estate holding companies, and consultants.

Like many of the tax measures enacted during the final hours of the legislative session, this provision was never the subject of a public hearing and was not accounted for in the Fiscal Year 2015 budget passed by the General Assembly. A change to Missouri's tax policy that would reduce state revenues by up to \$15 million annually according to the legislature's own estimate should be the subject of open debate, and the foregone revenue must be accounted for in the budget in order to receive my support.

In accordance with the above-stated reasons, I am returning Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 664 entitled:

AN ACT

Supplement

To repeal sections 260.273, 643.055, and 644.145, RSMo, and to enact in lieu thereof five new sections relating to natural resources.

On July 7, 2014, I approved said Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 664.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute No. 2 for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 672 entitled:

AN ACT

To repeal sections 49.266, 56.067, 56.265, 56.363, 56.807, 56.816, 67.281, 67.320, 79.130, 94.270, 182.802, 192.310, 304.190, 321.322, 339.507, 348.407, 408.040, 488.305, 525.040, 525.070, 525.080, 525.230, and 525.310, RSMo, and to enact in lieu thereof thirty-three new sections relating to political subdivisions, with an existing penalty provision, and an effective date for certain sections.

On July 8, 2014, I approved said Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 672.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 17, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Bill No. 673 entitled:

AN ACT

To repeal sections 288.060, 288.122, and 288.330, RSMo, and to enact in lieu thereof three new sections relating to employment security.

I disapprove of Senate Substitute for Senate Bill No. 673. My reasons for disapproval are as follows:

Senate Substitute for Senate Bill No. 673 would reduce the benefits that an eligible claimant may receive under our state's unemployment benefits system. It would do so by replacing the maximum number of weeks of unemployment benefits that an eligible claimant can receive, which is currently 20 weeks, through a calculation indexed to the average statewide unemployment rate. Under this new calculation, claimants eligible for unemployment benefits would be limited to no more than 13 weeks of benefits if the average statewide unemployment rate were below 6%. Claimants could only receive the current maximum of 20 weeks of benefits if the statewide average unemployment rate were 9% or higher. This reduction in benefits would unfairly impact eligible claimants, have a disparate impact on regions of the state experiencing slower economic growth and impede economic recovery. This legislation is particularly unnecessary given that the state retired its unemployment trust fund obligations to the federal government last month.

The reduction to 13 weeks mandated under Senate Substitute for Senate Bill No. 673 would occur in a system that is hardly lucrative when measured against the rest of the country. Missouri's average weekly unemployment benefit amount is currently the 46th lowest in the nation. Missouri, at 20 weeks, is one of only eight states that pay less than the national norm of 26 weeks of benefits. If this legislation became law, Missouri, at 13 weeks, would have the third lowest benefit duration in the country, behind only Florida and North Carolina. Missouri's current unemployment benefits system is already among the most restrictive in the country. Measured against the status quo, therefore, the additional limitations mandated by Senate Substitute for Senate Bill No. 673 are clearly unnecessary.

Supporters of Senate Substitute for Senate Bill No. 673 claim the legislation is an attempt to address the solvency of the unemployment trust fund, and cite the state's debt to the federal government incurred to provide benefits during the most recent recession. The need underpinning their purported solution, however, no longer exists. As noted above, last month, the state repaid its obligations to the federal government, and this legislation would do little to curtail the need to borrow during future economic downturns.

Senate Substitute for Senate Bill No. 673 also fails to take into account regional disparities in unemployment rates with a one size fits all approach that would reduce the duration of benefits based on a statewide average rate, while ignoring unique local economic conditions. For example, in February 2014, the unemployment rate for the state was 6.4%, while at the same time ten Missouri counties had an unemployment rate of 10% or higher. Indexing the duration of unemployment benefits to a statewide rate would result in significant reductions in benefits for unemployed individuals in areas of the state with much higher unemployment rates, and would dramatically slow the recovery in those regions. If a large local employer had massive layoffs or ceased operations, the impact to the county or region's unemployment rate could be profound without materially increasing the statewide rate. In such a situation, the number of unemployed in the affected county or region could far exceed the number of jobs available in the area. Those unemployed individuals would be faced with less time for benefits to assist them while searching for gainful employment in an extremely competitive market saturated with more unemployed individuals than available jobs.

Lastly, Senate Substitute for Senate Bill No. 673 would render Missouri's unemployment benefits system unable to respond to sudden spikes in unemployment often accompanying economic downturns. The bill

would base current benefits on previous economic conditions. The duration of benefits reduced under Senate Substitute for Senate Bill No. 673 would apply to all unemployed individuals in the state for an entire year based upon a snapshot of the statewide average unemployment rate taken during the third quarter of the previous calendar year. This would minimize the ability of the unemployment system to help stabilize the economy in instances where dramatic increases in unemployment occur in the first or second quarter of the calendar year. Under such circumstances, the duration of benefits, pegged at the previous year's calculated rate, would remain unchanged and artificially low despite the increase in unemployment.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Bill No. 673 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 675 entitled:

AN ACT

To amend chapter 70, RSMo, by adding thereto one new section relating to the Missouri local government employees' retirement system.

I disapprove of Senate Committee Substitute for Senate Bill No. 675. My reasons for disapproval are as follows:

Senate Committee Substitute for Senate Bill No. 675 would allow a political subdivision to request that the Local Government Employees' Retirement System (LAGERS) assume all duties and responsibilities related to the operation of the political subdivision's prior, closed retirement plan. While there may be benefits for a political subdivision to have this option, it should not be provided without regard to the rights of plan participants and to local laws governing the administration of police and firefighter retirement plans. Because this is precisely what Senate Committee Substitute for Senate Bill No. 675 would do, it does not receive my approval.

Proponents of this legislation have stressed that the bill merely provides the option to transfer the administration of a prior, closed police or firefighter retirement plan to LAGERS. However, the bill would place the authority to exercise this option solely in the hands of the political subdivision employer, even if the transfer was opposed by the plan trustees, who, unlike the political subdivision employer, have a fiduciary obligation to plan participants. Moreover, Senate Committee Substitute for Senate Bill No. 675 would authorize the political subdivision to transfer plan administration to LAGERS even if the political subdivision's own charter or ordinances would prohibit it, by authorizing the transfer

“[n]otwithstanding any language to the contrary in any other statute, city ordinance or city charter. . .” Thus, in a charter city with a charter provision requiring a vote of the plan membership in order for there to be a change to the retirement plan for police officers and firefighters, this bill would nonetheless allow the political subdivision to transfer the retirement plan to LAGERS without the vote called for by the city charter.

Senate Committee Substitute for Senate Bill No. 675 would also enable political subdivisions to ignore the wishes of local voters. Voters in a number of Missouri communities have approved dedicated sales taxes to fund public safety, including police and fire retirement plan obligations. Local voters did so with the understanding that such plan obligations would be managed by local trustees. By enabling a political subdivision to nonetheless transfer plan administration away from local trustees, Senate Committee Substitute for Senate Bill No. 675 would undermine the will of local voters and should not become the law of the state.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for Senate Bill No. 675 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 20, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 680 entitled:

AN ACT

To repeal sections 208.024 and 208.027, RSMo, and to enact in lieu thereof six new sections relating to public assistance benefits.

On June 20, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 680.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 27, 2014

1897

Supplement

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 689 entitled:

AN ACT

To repeal section 311.200, RSMo, and to enact in lieu thereof one new section relating to the sale of intoxicating liquor in the original package, with an effective date.

On June 27, 2014, I approved said Senate Bill No. 689.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 23, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 690 entitled:

AN ACT

To repeal sections 190.335 and 190.339, RSMo, and to enact in lieu thereof two new sections relating to emergency service boards.

On June 23, 2014, I approved said Senate Bill No. 690.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 691

entitled:

AN ACT

To repeal sections 375.003 and 379.118, RSMo, and to enact in lieu thereof three new sections relating to certain personal lines policy provisions.

On July 10, 2014, I approved said House Committee Substitute for Senate Substitute for Senate Bill No. 691.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 entitled:

AN ACT

To repeal sections 99.845, 135.700, 143.041, 143.071, 143.191, 143.451, 144.030, 144.044, 144.610, 285.230, 285.232, 285.233, and 285.234, RSMo, and to enact in lieu thereof twenty-two new sections relating to taxation, with existing penalty provisions.

I disapprove of Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693. My reasons for disapproval are as follows:

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; House Committee Substitute for Senate Bill No. 727; Senate Committee Substitute for Senate Bill No. 829; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

In enacting Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and other vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days. There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level,² from the projected \$776 million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 and the other measures I am vetoing today would add to the more than 260 sales tax exemptions and tax credits that litter Missouri's tax code without requiring the creation of a single new job. The continued erosion of the tax base through such individualized exemptions and credits violates well-established principles of sound tax policy calling for a broad tax base so that tax rates can remain low. The General Assembly has ignored repeated calls to reduce these costly and inefficient carve-outs and has instead rushed through many more, leaving Missouri families to pick up the tab for education and vital public services.

The unabated growth of such special carve-outs and the fiscal irresponsibility of failing to budget for them are all the more troubling when the General Assembly is simultaneously seeking to raise taxes on all Missourians with what could be the largest tax hike in Missouri history. While the benefits of the more than one billion dollars in annual tax breaks passed by the legislature over the past two months will go disproportionately to the wealthy, the burden of this multi-billion dollar tax increase for transportation would fall disproportionately on Missouri's working families and seniors.

² In addition to impacting the general local sales tax imposed under Section 32.085, exemptions from local sales tax would reduce revenue collected through numerous voter-approved local sales taxes that are targeted to specific, community supported needs. Examples include the County Anti-Drug Sales Tax, Sections 67.391, 67.392, RSMo; County Construction Sales Tax, Sections 67.550, 67.590, RSMo; Museums and Festivals Sales Tax, Sections 67.571, 67.578, RSMo; Law Enforcement Services Sales Tax, Sections 67.582, 67.584, 92.500, RSMo; Capital Improvements Sales Tax, Sections 67.700, 67.730, 94.577, 94.578, 94.890, RSMo; Storm Water Control and Public Works Sales Tax, Sections 67.701, 67.729, 94.413, RSMo; Public Recreation Projects and Programs Sales Tax, Sections 67.745, 67.782, RSMo; Regional Recreation Districts Sales Tax, Section 67.799, RSMo; Perry County Senior Services and Youth Programs Sales Tax, Section 67.997, RSMo; Economic Development Sales Tax, Sections 67.1300, 67.1303, 67.1305, 94.1008, 94.1010, 94.1012, RSMo; Community Improvement Districts Sales Tax, Section 67.1545, RSMo; Metropolitan Parks and Recreation Districts Sales Tax, Section 67.1712, RSMo; Children's Services Sales Tax, Section 67.1775, RSMo; Water Quality, Tourism, and Infrastructure Sales Tax, Section 67.1922, RSMo; Tourism Community Enhancement Districts Sales Tax, Section 67.1959, RSMo; Exhibition Center and Recreational Facility Districts Sales Tax, Section 67.2000, RSMo; Tourism Promotion Sales Tax, Section 67.2030, RSMo; Construction of Women's and Children's Shelter Sales Tax, Section 67.2040, RSMo; Theater, Cultural Arts, and Entertainment Districts Sales Tax, Section 67.2530, RSMo; Parks, Trails, and Greenways Districts Sales Tax, Section 67.5012, RSMo; Mass Transit Sales Tax, Section 92.402, RSMo; Public Safety Sales Tax, Sections 94.579, 94.581, 94.900, 94.902, RSMo; Community Center Sales Tax, Section 94.585, RSMo; Transportation Sales Tax, Sections 94.605, 94.660, 94.705, RSMo; Historical Locations and Museums Sales Tax, Section 94.950, RSMo; Medical Care for the Medically Indigent Sales Tax, Section 94.1000, RSMo; Kansas City Zoological District Sales Tax, Sections 94.1000, 184.503, RSMo; Transportation Development District Sales Tax, Section 238.235, RSMo; County Transit Authority Sales Tax, Section 238.410, RSMo; and Storm Water Control and Parks Sales Tax, Section 644.032, RSMo.

The special breaks in Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 and the other bills that I am vetoing today are not the mere clarifications that their supporters claim. Instead, they seek to overrule no fewer than twenty Missouri Supreme Court cases going back to 1977 that have been followed by the department of revenue over the course of previous and current administrations. In nearly every one of the cases sought to be overturned, the court ruled that the law enacted by the General Assembly required a tax to be collected, notwithstanding that a particular businesses had hoped to be excused from the legal obligations we all share. While it is well within the rights of a losing litigant to petition their elected representatives, it is wholly disingenuous to call doing so here anything other than what it is—seeking a special exemption from the law, as currently written and as confirmed by the courts.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadening the overall tax base and reducing tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 and the other bills I am vetoing today. For the reasons stated herein, this is an endeavor I cannot support.

Special Exemption for Used Cars

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 exempts used cars that are 10-years or older from sales tax when the sale price is less than \$15,000. According to the legislature's own estimate, this provision would reduce state and local revenues by as much as \$60 million annually, with more than \$30 million annually in reduced revenue for highways and \$26 million annually in reduced revenue for local jurisdictions.³ Not only would this revenue reduction impact the amount of state and local highway maintenance and construction that can be undertaken, it could also jeopardize matching federal highway funds and make it more difficult to cover debt service on previously issued bonds to finance state and local road and bridge projects. With the average age of vehicles on America's roads increasing to 11.4 years, the number of vehicles subject to this exemption and the corresponding impact to state and local revenue is likely to increase over time.⁴

I cannot support a new sales tax exemption that would drain funding for transportation at the very same time the General Assembly is asking Missourians to foot the bill on a \$6 billion sales tax increase to fund transportation needs. By passing this legislation and voting to put a sales tax increase for transportation on the ballot, the General Assembly is with one hand doling out special breaks that would directly and permanently reduce funding for roads, while with the other hand reaching into the pockets of every Missourian for more road funding. This is poor fiscal policy and poor tax policy, and therefore does not receive my approval.

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 has a

³ The \$26 million annual reduction in local revenue from this provision is not dissimilar to the local revenue loss that was anticipated as a result of local jurisdictions no longer being able to collect tax on out-of-state vehicle purchases following the decision in *Street v. Director of Revenue*, 361 S.W.3d 355, 356 (Mo. banc 2012). It is puzzling that after passing legislation to prevent this anticipated loss of local tax revenue last year, the General Assembly would turn around the very next year and pass legislation to drain a similar amount of revenue from those same local jurisdictions.

⁴ https://www.polk.com/company/news/polk_finds_average_age_of_light_vehicles_continues_to_rise

number of additional problems that prevent it from receiving my signature. First, it fails to treat similarly-situated taxpayers similarly, instead picking as winners the purchasers of certain used cars based on the age of the vehicle and its sale price, while leaving all remaining purchasers in the dust. In addition, the limitation to vehicles 10-years or older and with a sale price of \$15,000 or less is an arbitrary cut-off that will lead to absurd results. For example, there is no sound economic or policy reason for why a nine year-old vehicle that costs \$14,999 or an 11-year old vehicle that costs \$15,001 is any more or less deserving of a tax exemption than the vehicles covered by this bill. These are precisely the kind of problems created with special carve-outs that pick winners and losers based on arbitrary distinctions rather than sound tax or economic policy.

In addition, as drafted this exemption is ripe for abuse and can easily be manipulated to avoid or reduce taxes on purchases not intended for the exemption. For example, current law allows the seller of a vehicle to use the vehicle's sales price as a credit toward the purchase price of a subsequent vehicle in determining the tax due on the purchase.⁵ With the new exemption in Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693, used car dealers could set up straw transactions to sell used cars older than 10 years to their customers and then take those same cars as trade-ins toward newer cars, which would allow their customers to reduce or avoid paying altogether the tax on the newer car purchase. That this may be an unintended consequence of the legislation does not make its impact on state and local budgets any less real or immediate.

Special Exemption for Personal Seat Licenses

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 would exempt from tax a right of first refusal for tickets sold at the Sprint Center in Kansas City. As with the other new exemptions enacted in this and similar bills, the General Assembly failed to account for the fiscal impact of this exemption in the Fiscal Year 2015 budget they enacted. It is unclear why this activity should receive a new special tax exemption, and it is even more unclear why the General Assembly would pass a special law, potentially violating the Missouri Constitution, in order to effectuate it. Unfortunately, because this provision never received a public hearing, the answer remains as elusive as my support.

Expansion of the Wine & Grape Tax Credit

Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 would expand the Wine and Grape Production Tax Credit by making purchases of used equipment eligible for the credit. The General Assembly failed to account for the estimated \$125,000 reduction in state revenue from this expansion in the Fiscal Year 2015 budget they passed.

⁵ Section 144.025, RSMo, provides:

Notwithstanding any other provisions of law to the contrary, in any retail sale . . . where any article on which sales or use tax has been paid, credited, or otherwise satisfied or which was exempted or excluded from sales or use tax is taken in trade as a credit or part payment on the purchase price of the article being sold, the tax imposed by sections 144.020 and 144.440 shall be computed only on that portion of the purchase price which exceeds the actual allowance made for the article traded in or exchanged . . . This section shall also apply to motor vehicles . . . sold by the owner or holder of the properly assigned certificate of ownership if the seller purchases or contracts to purchase a subsequent motor vehicle . . . within one hundred eighty days before or after the date of the sale of the original article and a bill of sale showing the paid sale price is presented to the department of revenue at the time of licensing. . . .

Beginning more than 160 years ago, Missouri's wine industry has grown to more than 120 wineries generating \$1.6 billion annually in economic impact. It is difficult to believe that the continued success of this thriving industry depends on the expansion of this relatively modest government subsidy. While the wine industry has a tremendous positive economic impact for the state, the Wine and Grape Production Tax Credit fails to generate a positive return, with the most recent cost benefit analysis indicating that for every dollar in tax credits issued, the state could expect to receive just 3 cents in general revenue return. The lack of a positive return on investment is what prompted the bipartisan Tax Credit Review Commission to call for the outright elimination of the credit.

Unlike other tax credits enacted or reauthorized this legislative session, this expansion of the Wine and Grape Production Tax Credit would not make it subject to appropriation or restructure it in a way that would make it revenue-neutral. Instead, Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 would simply broaden the activities eligible for the credit, thereby increasing the credit's cost and diverting additional funding from education and other vital public services, none of which was taken into account in the budget passed by the General Assembly. This is fiscally irresponsible and does not receive my support.

In accordance with the above-stated reasons for disapproval, I am returning Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 694 entitled:

AN ACT

To repeal sections 408.500, 408.505, and 408.506, RSMo, and to enact in lieu thereof three new sections relating to unsecured loans of five hundred dollars or less, with penalty provisions.

I disapprove of House Committee Substitute for Senate Substitute for Senate Bill No. 694. My reasons for disapproval are as follows:

House Committee Substitute for Senate Substitute for Senate Bill No. 694 provides false hope of true payday lending reform while in reality falling far short of the mark. This bill cannot be called meaningful reform and does not receive my approval.

Supporters point to the lower cap on interest this bill would impose, but allowing payday lenders to charge 912.5% for a 14-day loan is not true reform. Supporters point to the requirement that payday lenders offer extended payment plans, but in states where payday lenders are required to offer such plans they are seldom used by borrowers. Supporters point to the legislation's requirement for payday lenders to comply with "restrictions and prohibitions *applicable to creditors* contained in the federal Fair

Debt Collection Practices Act,” but the Fair Debt Collection Practices Act does not apply to creditors, which renders this requirement hollow. Supporters point to the prohibition on loan rollovers, but missing from the legislation is anything to address the unfortunately all-too-common situation where someone living paycheck-to-paycheck is offered multiple loans by multiple lenders at the same time or is encouraged to take out back-to-back loans from the same lender.

Although some may contend that House Committee Substitute for Senate Substitute for Senate Bill No. 694 is an improvement over the status quo, it fails to protect consumers and fails to prevent the cycle of debt that payday lending perpetuates. Instead, House Committee Substitute for Senate Substitute for Senate Bill No. 694 appears to be part of a coordinated effort by the payday loan industry to avoid more meaningful reform. This I cannot support.

In accordance with the above stated reasons for disapproval, I am returning House Committee Substitute for Senate Substitute for Senate Bill No. 694 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 701 entitled:

AN ACT

To repeal sections 160.522 and 348.407, RSMo, and to enact in lieu thereof six new sections relating to elementary and secondary education.

On July 9, 2014, I approved said Senate Bill No. 701.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill No. 706 entitled:

AN ACT

To amend chapter 416, RSMo, by adding thereto five new sections relating to bad faith assertions of patent infringement.

On July 8, 2014, I approved said Senate Substitute for Senate Committee Substitute for Senate Bill No. 706.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute No. 2 for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 716 entitled:

AN ACT

To repeal sections 174.335, 195.070, 334.035, 334.735, 338.010, 376.1363, and 630.167, RSMo, and to enact in lieu thereof sixteen new sections relating to public health.

I am today returning Conference Committee Substitute No. 2 for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 716 with my approval. This bill has provisions that will advance public health in Missouri, and I support those provisions. However, it also contains provisions that are cause for concern.

The concerning provisions in Conference Committee Substitute No. 2 for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 716 would create a new medical license for “assistant physicians.” Under the bill, graduates of medical school who have not completed a residency or received a license to practice medicine could nevertheless obtain a license as an “assistant physician,” which would allow them to engage in the limited practice of medicine in underserved areas. The bill would require such individuals to have a collaborative arrangement with a licensed physician, who is to supervise and perform chart review of the assistant physician’s work. Additionally, the bill would limit the type of care that assistant physicians can provide.

Because this new licensure for “assistant physicians” would circumvent well-established and long-standing physician licensing procedures, additional safeguards are necessary to ensure that individuals who have failed to complete residency or failed to obtain physician licensure for competency or other reasons are not allowed to practice as assistant physicians. Ensuring that all Missourians have access to adequate health care is a laudable goal, but it is equally important that such measures do not place citizens’ health in jeopardy. Considering that this new category of licensure would make Missouri unique among states and would embark upon uncharted waters in providing health care for Missourians, it is imperative that there be comprehensive and rigorous oversight and regulation of such “assistant physicians.”

In accordance with the above stated reasons for approval, I am returning Conference Committee Substitute No. 2 for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 716 with my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 719 entitled:

AN ACT

To repeal sections 105.454, 171.181, 177.011, and 177.088, RSMo, and to enact in lieu thereof four new sections relating to school purchases, with existing penalty provisions.

On July 9, 2014, I approved said Senate Bill No. 719.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 723 entitled:

AN ACT

To repeal sections 8.420 and 8.665, RSMo, and to enact in lieu thereof two new sections relating to revenue bonds.

On July 9, 2014, I approved said Senate Committee Substitute for Senate Bill No. 723.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 727 entitled:

AN ACT

To amend chapters 144 and 208, RSMo, by adding thereto three new sections relating to farmers' markets.

I disapprove of House Committee Substitute for Senate Bill No. 727. My reasons for disapproval are as follows:

House Committee Substitute for Senate Bill No. 727 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

House Committee Substitute for Senate Bill No. 727 contains a number of provisions that could become law with my action on other legislation. However, I cannot support adding to the more than 200 sales tax exemptions in current law that divert funding from education, public safety, and other vital public services, particularly when the General Assembly has failed to account for it in the budget they passed.

House Committee Substitute for Senate Bill No. 727 would provide a new exemption from state and local taxes for sales of farm products at a farmers' market by entities who estimate that their annual farmers' market sales will be less than \$25,000. This means that entities who estimate that their annual farmers' market sales will be \$25,000 or more would be subject to state and local tax. The sale of agricultural products grown in Missouri as well as those grown in other states would be subject to the exemption.

This provision, as drafted, would create confusion among both sellers and customers at farmers' markets and lead to significant governmental intrusion into their affairs. First, the bill contains an arbitrary limitation as to who is eligible for the exemption and who would have to collect tax based solely on whether they estimate they will have more or less than \$25,000 in farmers' markets sales. Thus, an individual who estimates sales of \$24,999 would not have to collect tax, but an individual estimating a dollar more in sales would. This could result in a consumer paying sales tax on the corn they purchase at one booth, while buying the corn tax free at the booth right next door. In addition, whether the tax applies is based on *estimated*, rather than *actual* sales. This would mean that a seller with actual sales far in excess of the \$25,000 limitation could continue to sell products tax-free, so long as they had previously "estimated" that their sales would be below the \$25,000 threshold. For example, under the bill a seller who estimates \$20,000 in sales but who actually has \$30,000 would not have to collect taxes on any of their sales, while a seller who estimates their sales at \$30,000 but has actual sales of just \$20,000 would have to collect taxes.

The provision would also increase governmental intrusion in order to police the limitation for \$25,000 in estimated annual sales. There is nothing in the bill directing how the estimated annual sales are to be derived, or to whom or how the required estimate is to be reported. Presumably, it will require all farmers' market sellers to complete paperwork and be subject to an audit of their sales information from at least the three previous years to determine the validity of the annual sales estimate. This would result in significant government access into otherwise private business information, which would appear inconsistent with the overall intent of this new exemption.

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584; Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; Senate Committee Substitute for Senate Bill No. 829; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

Supplement

In accordance with the above-stated reasons for disapproval, I am returning House Committee Substitute for Senate Bill No. 727 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 729 entitled:

AN ACT

To repeal sections 135.305, 135.710, and 137.010, RSMo, and to enact in lieu thereof five new sections relating to taxation.

On July 7, 2014, I approved said Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 729.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 7, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 731 entitled:

AN ACT

To repeal sections 82.1025, 82.1027, 82.1028, 82.1029, and 82.1030, RSMo, and to enact in lieu thereof six new sections relating to property regulations in certain cities and counties.

I disapprove of Senate Committee Substitute for Senate Bill No. 731. My reasons for disapproval are as follows:

Senate Committee Substitute for Senate Bill No. 731 began as a well-meaning measure to provide additional tools for neighborhood organizations and property owners to hold negligent property owners accountable for diminished property values and unsafe conditions. However, an amendment added on the Senate floor would infringe upon private property rights by giving a broad new immunity for polluters creating environmental hazards and contamination that reduce nearby property values. For this reason, Senate Committee Substitute for Senate Bill No. 731 does not receive my approval.

The Senate floor amendment to Senate Committee Substitute for Senate Bill No. 731, added as section 1 to the bill, would provide:

No action shall be brought under section 82.1025 or sections 82.1027 to 82.1030 if the owner of the property that is the subject of the action is in good faith compliance with *any* order issued by the department of natural resources, the United States Environmental Protection Agency, or the office of attorney general.

(emphasis added). This broad immunity would bar statutory nuisance actions by private property owners and neighborhood organizations in the counties of Jefferson, Platte, Franklin, Cass, Clay, Cole, and Cape Girardeau, and the cities of Springfield, St. Louis and Kansas City in the circumstances outlined. This would diminish the rights of property owners under current law to hold someone accountable for actions that reduce property values and create hazards to health, safety and the environment. For example, assume private property owners in St. Louis County are attempting to bring a statutory nuisance action seeking damages from the owner of a landfill that is contaminating nearby properties, creating noxious fumes, and decreasing area property values. Although such an action might proceed under current law, this bill would prohibit it if the Environmental Protection Agency (EPA), the Department of Natural Resources (DNR), or the Attorney General has ordered the landfill operator to clean up the contamination and the company is attempting to comply with that order.

Not only would this new immunity deprive private property owners of rights they enjoy under current law, its ambiguous wording would confer immunity even when the referenced government order does not apply to the property creating the nuisance. For example, assume DNR issues an order requiring a utility company to clean up contamination at a former facility in Randolph County. If the utility is complying with that clean-up order, this bill would also give the company immunity for operations creating a nuisance at its facilities in Franklin, St. Louis, Jefferson, Cape Girardeau, and Cole counties.

In addition, the ambiguous language of this immunity provision does not even require the party creating the nuisance to actually be in compliance with any of the referenced government orders. Instead, the immunity would be triggered upon "good faith," as opposed to *actual*, compliance. This could prevent private property owners from bringing a statutory nuisance action even when the party creating the nuisance is currently violating a government order. For example, a quarry in Cape Girardeau could be violating a DNR order to control dust emissions contaminating nearby property, but under this bill adjoining property owners would be barred from bringing a statutory nuisance action to protect their property so long as the quarry is attempting, even if unsuccessfully, to comply with the DNR order. Similarly, a chemical company in Cass County attempting to comply with a DNR order to clean up hazardous waste on its property may be immune from suit even if contamination from the buried chemicals has migrated into the drinking water used by neighboring property owners.

Senate Committee Substitute for Senate Bill No. 731 began with a noble purpose of strengthening the rights of property owners and neighborhood organizations, but the changes during the legislative process, particularly the Senate floor amendment providing a broad new immunity for those damaging the property of others, would move the state in the opposite direction. This I cannot support.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for Senate Bill No. 731 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 5, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 734 entitled:

AN ACT

To repeal section 394.120, RSMo, and to enact in lieu thereof one new section relating to electric cooperatives.

On June 5, 2014, I approved said Senate Bill No. 734.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 735 entitled:

AN ACT

To amend chapter 419, RSMo, by adding thereto one new section relating to campgrounds, with penalty provisions.

On July 8, 2014, I approved said Senate Committee Substitute for Senate Bill No. 735.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Bill No. 745 entitled:

AN ACT

To repeal sections 57.015, 57.201, 57.220, 57.250, 544.216, 571.030, 571.101, 571.104, 571.111, and 650.350, RSMo, and to enact in lieu thereof ten new sections relating to operations of the office of sheriff, with an existing penalty provision.

On July 2, 2014, I approved said Senate Substitute for Senate Bill No. 745.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Substitute No. 2 for Senate Bill No. 754 entitled:

AN ACT

To repeal sections 105.711, 174.335, 195.070, 208.631, 208.636, 208.640, 208.643, 208.646, 208.790, 208.798, 334.035, 334.735, 338.010, 338.059, and 338.220, RSMo, and to enact in lieu thereof twenty-seven new sections relating to health care.

I am today returning Conference Committee Substitute for House Committee Substitute for Senate Substitute No. 2 for Senate Bill No. 754 with my approval. This bill has provisions that will advance public health in Missouri, and I support those provisions. However, it also contains provisions that are cause for concern.

The concerning provisions in Conference Committee Substitute for House Committee Substitute for Senate Substitute No. 2 for Senate Bill No. 754 would create a new medical license for "assistant physicians." Under the bill, graduates of medical school who have not completed a residency or received a license to practice medicine could nevertheless obtain a license as an "assistant physician," which would allow them to engage in the limited practice of medicine in underserved areas. The bill would require such individuals to have a collaborative arrangement with licensed physician, who is to supervise and perform chart review of the assistant physician's work. Additionally, the bill would limit the type of care that assistant physicians can provide.

Because this new licensure for "assistant physicians" would circumvent well-established and long-standing physician licensing procedures, additional safeguards are necessary to ensure that individuals who have failed to complete residency or failed to obtain physician licensure for competency or other reasons are not allowed to practice as assistant physicians. Ensuring that all Missourians have access to adequate health care is a laudable goal, but it is equally important that such measures do not place citizens' health in jeopardy. Considering that this new category of licensure would make Missouri unique among states and would embark upon uncharted waters in providing health care for Missourians, it is imperative that there be comprehensive and rigorous oversight and regulation of such "assistant physicians."

In accordance with the above stated reasons for approval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Substitute No. 2 for Senate Bill No. 754 with my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 3, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill No. 767 entitled:

AN ACT

To amend chapter 44, RSMo, by adding thereto one new section relating to the creation of a voluntary registry of persons with health-related ailments to assist individuals in case of a disaster or emergency.

On July 3, 2014, I approved said Senate Substitute for Senate Committee Substitute for Senate Bill No. 767.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 3, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 773 entitled:

AN ACT

To repeal section 190.105, RSMo, and to enact in lieu thereof two new sections relating to emergency service providers.

On July 3, 2014, I approved said Senate Bill No. 773.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Bill No. 782 entitled:

AN ACT

To repeal section 168.021, RSMo, and to enact in lieu thereof one new section relating to certification by the American Board for Certification of Teacher Excellence.

On July 9, 2014, I approved said Senate Substitute for Senate Bill No. 782.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 785 entitled:

AN ACT

To repeal section 306.127, RSMo, and to enact in lieu hereof one new section relating to temporary boating safety identification cards.

On July 2, 2014, I approved said Senate Committee Substitute for Senate Bill No. 785.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 27, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Bill No. 794 entitled:

AN ACT

To repeal sections 362.333, 375.020, and 382.020, RSMo, and to enact in lieu thereof three new sections relating to insurance regulation.

On June 27, 2014, I approved said House Committee Substitute for Senate Bill No. 794.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 796 entitled:

Supplement

AN ACT

To repeal section 451.040, RSMo, and to enact in lieu thereof one new section relating to marriage licenses, with an existing penalty provision, with an emergency clause.

On July 2, 2014, I approved said Senate Bill No. 796.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 808 entitled:

AN ACT

To repeal sections 324.024, 334.735, 337.615, 337.643, 337.645, 338.010, 338.020, 338.059, 338.220, 346.010, and 346.055, RSMo, and to enact in lieu thereof thirteen new sections relating to the licensing of certain professions, with an existing penalty provision.

On July 10, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 808.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 30, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Committee Substitute for Senate Bill No. 809 entitled:

AN ACT

To repeal sections 327.011, 327.031, 327.041, 327.051, 327.076, 327.081, 327.091, 327.101, 327.106, 327.131, 327.141, 327.151, 327.161, 327.171, 327.172, 327.181, 327.191, 327.221, 327.231, 327.241, 327.251, 327.261, 327.271, 327.272, 327.312, 327.313, 327.314, 327.321, 327.331, 327.341, 327.351, 327.381, 327.391, 327.392, 327.401, 327.411, 327.442, 327.451, 327.461, 327.600, 327.603, 327.607, 327.612, 327.615, 327.617, 327.619, 327.621, 327.622, 327.623, 327.629, 327.630, 327.631, and 327.635, RSMo, and to enact in lieu thereof fifty new sections relating to licensure by the board for architects, professional

engineers, professional land surveyors and professional landscape architects, with an existing penalty provision.

On June 30, 2014, I approved said House Committee Substitute for Senate Committee Substitute for Senate Bill No. 809.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 2, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 812 entitled:

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to a department of economic development office in Israel.

On July 2, 2014, I approved said Senate Bill No. 812.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 30, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 818 entitled:

AN ACT

To repeal section 305.230, RSMo, and to enact in lieu thereof one new section relating to the state aviation trust fund.

On June 30, 2014, I approved said Senate Bill No. 818.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 829 entitled:

AN ACT

To repeal section 136.300, RSMo, and to enact in lieu thereof one new section relating to tax liability disputes.

I disapprove of Senate Committee Substitute for Senate Bill No. 829. My reasons for disapproval are as follows:

Senate Committee Substitute for Senate Bill No. 829 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks that I am vetoing today¹ or the provisions of this bill making such special breaks far easier to exploit was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

In enacting Senate Committee Substitute for Senate Bill No. 829 and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days. There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level, from the projected \$776 million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadened the overall tax base and reduced tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in the bills that I am vetoing today and which would be facilitated by Senate Committee Substitute for Senate Bill No. 829. For the reasons stated herein, this is an endeavor I cannot support.

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584 Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; House Committee Substitute for Senate Bill No. 727; Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

Proving Eligibility for Tax Exemptions

While the other bills that I am vetoing today create broad new tax exemptions, Senate Committee Substitute for Senate Bill No. 829 would make these new exemptions, as well as the more than 200 sales tax exemptions in current law, far easier to exploit by no longer requiring a business claiming a tax exemption to prove it is actually eligible for the claimed exemption.

While I support eliminating the arbitrary limitation in current law that puts the burden of proof on some businesses but not others in determining tax liability, when it comes to someone trying to claim a tax exemption, they should at a minimum be required to show that they are entitled to it. Claiming a special carve-out or loophole without evidence to support it is unfair to the vast majority of Missouri taxpayers who lack the influence to get special tax exemptions crafted for them by the General Assembly. With the help of the legislature and the best accounting and legal advice, those fortunate enough to take advantage of special exemptions would now be given every incentive to push the outer boundaries of any exemptions that could conceivably apply, further eroding the tax base and shifting an even greater tax burden to the majority of taxpayers. Not content with merely showering the fortunate with a cavalcade of new tax breaks, the General Assembly has gone further to stack the deck in their favor and to provide an added incentive to try on an exemption just to see if it fits. This is not a tax policy that I can support.

In accordance with the above-stated reasons for disapproval and for the reasons stated in the other veto messages issued this day, I am returning Senate Committee Substitute for Senate Bill No. 829 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 14, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 entitled:

AN ACT

To repeal sections 407.925, 407.926, 407.927, 407.929, 407.931, 407.933, and 407.934, RSMo, and to enact in lieu thereof seven new sections relating to alternative nicotine or vapor products, with penalty provisions.

I disapprove of Senate Substitute for Senate Committee Substitute for Senate Bill No. 841. My reasons for disapproval are as follows:

Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 would exclude “alternative nicotine products” and “vapor products” – including “electronic cigarettes” – from the definition of “tobacco products” and prohibit them from being regulated or taxed as “tobacco products” under Missouri law. This bill, which is supported by sellers of such products and at least one major tobacco manufacturer but is opposed by leading health organizations, creates a façade of regulation and is actually harmful to Missourians because of the special exemptions it provides for these dangerous

products. As a result, it does not meet with my approval.

“Electronic cigarettes” are nicotine delivery devices that resemble traditional tobacco cigarettes in appearance, use and function, and share a signature ingredient – the highly addictive chemical nicotine, which is derived from tobacco. Electronic cigarettes typically consist of a cartridge and battery that deliver nicotine to users by heating a liquid solution containing propylene glycol (which can cause eye and respiratory irritation), glycerine, flavoring agents, and nicotine. This process creates a nicotine-infused aerosol that, similar to tobacco smoke from traditional tobacco cigarettes, the smoker inhales and exhales. Studies have also noted the presence of formaldehyde (a known carcinogen) and acetaldehyde (a possible carcinogen) in the aerosol. Electronic cigarettes are frequently marketed and branded with names reflecting flavors added to the nicotine aerosol. Though electronic cigarettes are relatively new, having been patented in 2003 by a Chinese pharmacist and sold in the United States only since 2007, they are growing in popularity with sales projected to top \$1.5 billion in the United States this year. These electronic cigarettes are increasingly manufactured by big tobacco companies.¹

Because Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 would limit any additional state regulation of these products and would contravene pending federal regulations, it does not receive my approval.

First, Missouri law should not limit the regulation of products derived from tobacco that contain a highly addictive chemical and carcinogenic, noxious chemicals. Not unlike traditional tobacco cigarettes, these products may carry significant health risks to users and others through direct and secondhand inhalation in a manner not unlike traditional tobacco cigarettes. Leading health organizations oppose Senate Substitute for Senate Committee Substitute for Senate Bill No. 841, including the American Cancer Society; the American Lung Association; the American Heart Association; the Missouri State Medical Association; the Missouri Association of Osteopathic Physicians; the Missouri Academy of Family Physicians; the Campaign for Tobacco-Free Kids; and Tobacco Free Missouri, and for good reasons. Through direct and secondhand exposure, e-cigarette smokers inhale an aerosol containing nicotine, which is addictive and derived from tobacco; propylene glycol, which can cause eye and respiratory irritation; and also likely formaldehyde, a known carcinogen, and acetaldehyde, a possible carcinogen. Studies have also found the presence of heavy metal particles such as tin, nickel, copper, lead and chromium in the aerosol, which can deposit in smokers’ lungs and cause respiratory problems. A 2009 FDA study also detected the presence of diethylene glycol, a toxic chemical commonly used in antifreeze, in e-cigarette samples. These products are barely a decade old, and their sales are skyrocketing. We should not enact an outright ban on regulating and taxing as “tobacco products” these tobacco-derived products that contain harmful substances, including carcinogens, particularly when the short and long-term health risks of these products are still being evaluated. The special treatment for these tobacco-derived products provided in Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 would validate the as yet unproven claim that they are safer than traditional tobacco products.

Second, Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 would harm the health of Missourians because it would contravene and undermine more comprehensive proposed federal regulation. Unlike Senate Substitute for Senate Committee Substitute for Senate Bill 841, federal FDA regulations proposed earlier this year would classify electronic cigarettes and similar nicotine products as “tobacco products.” The proposed FDA rules would prohibit sales to minors (as would this bill), but, unlike Senate Substitute for Senate Committee Substitute for Senate Bill No. 841, would also require electronic cigarette manufacturers to provide health warnings; register with the FDA and report product and ingredient listings; market new products only after FDA review; make claims of reduced risk only if the FDA concludes that there is supporting scientific evidence and that marketing the product will

¹The bill also encompasses other relatively new “alternative nicotine products” such as flavored dissolvable pellets or flat strips containing ground tobacco.

benefit public health; not distribute free samples; and not sell in vending machines, unless in locations off limits to youths. Considering that these products contain the tobacco derivative and highly addictive chemical compound nicotine, mimic traditional tobacco cigarettes in use, appearance, and function, pose significant health risks that are still being evaluated, and are increasingly manufactured by big tobacco companies, regulating them as traditional tobacco products, as the FDA is proposing, does not seem unreasonable.

Proponents of Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 tout its ban on sales to minors, but the proposed FDA regulations also ban sales to minors. In light of this ban in the FDA regulations, the primary and more significant consequence of Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 is its limitation on additional regulations. I would support legislation banning sales to minors and classifying these products as “tobacco products” as appropriate first steps in state regulation without impeding additional federal regulation, but I will not support the false pretense of reform and circumvention of more stringent federal regulation that would result from Senate Substitute for Senate Committee Substitute for Senate Bill No. 841.

As noted above, leading health organizations uniformly oppose this bill. By contrast, manufacturers of alternative nicotine products, sellers of such products, and at least one major tobacco manufacturer are supporters of the bill. At a minimum, prohibiting the regulation and taxation as “tobacco products” of products that are derived from tobacco is premature and would create uncertainty around the proposed FDA regulations. At worst, this prohibition may be part of a larger strategy by the tobacco industry to stop the implementation of the FDA regulations or ensnare them in protracted litigation. Whether Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 is merely premature or instead motivated by more insidious reasons, the bill is harmful to the health of Missourians.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Committee Substitute for Senate Bill No. 841 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 30, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 842 entitled:

AN ACT

To repeal section 142.941, RSMo, and to enact in lieu thereof one new section relating to diesel fuel inspections.

On June 30, 2014, I approved said Senate Bill No. 842.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 27, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 844 entitled:

AN ACT

To repeal section 288.500, RSMo, and to enact in lieu thereof one new section relating to the shared work unemployment compensation program, with an emergency clause.

On June 27, 2014, I approved said Senate Bill No. 844.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 3, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 852 entitled:

AN ACT

To repeal sections 84.340, 105.935, 191.630, 191.631, 192.800, 192.802, 192.804, 192.806, 192.808, 287.243, 300.320, 334.950 and 571.030, RSMo, and to enact in lieu thereof ten new sections relating to public safety, with penalty provisions.

On July 3, 2014, I approved said Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 852.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 11, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 entitled:

AN ACT

To repeal sections 143.221, 144.044, 144.049, 144.080, and 144.190, RSMo, and to

enact in lieu thereof six new sections relating to taxation, with an existing penalty provision.

I disapprove of Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860. My reasons for disapproval are as follows:

Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 would continue a damaging trend by the General Assembly to enact special tax exemptions and credits that pick winners and losers through the tax code and shift a greater proportion of the tax burden to the majority of Missourians unable to utilize such loopholes. Not a penny of the special breaks in this bill or in the others that I am vetoing today¹ was taken into account in the Fiscal Year 2015 budget passed by the General Assembly, leaving it significantly out of balance and requiring swift action to protect the State's fiscal well-being. This is fiscally irresponsible and cannot receive my support.

In enacting Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 and its brethren in the final hours of the legislative session, the General Assembly disregarded the normal legislative process, slipping in costly provisions without public hearings and without fiscal notes reflecting the impact on the state budget. And just as legislators ignored the legislative process, so too did they disregard the budget process by passing a budget just a week earlier that failed to account for this final day spending spree. Unlike the fiscal impact of Senate Substitute No. 3 for Senate Committee Substitute for Senate Bill Nos. 509 & 496, which today's lawmakers have conveniently foisted off on future budgets for education, public safety and other vital public services, the fiscal impact of the special breaks I am vetoing today would begin impacting budgets in the fiscal year starting in less than 30 days. There are no delays, triggers, or other gimmicks that could be touted as shielding education, public safety, and other vital public services, at both the state and local level, from the projected \$776 million in state and local revenue legislators voted to send to narrow special interests on the last day of session. While the General Assembly may have abdicated its fiscal responsibilities in failing to account for this budgetary impact, the resulting imbalance cannot be ignored and will have to be corrected through dramatic spending reductions.

Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 and the other measures I am vetoing today would add to the more than 260 sales tax exemptions and tax credits that litter Missouri's tax code without requiring the creation of a single new job. The continued erosion of the tax base through such individualized exemptions and credits violates well-established principles of sound tax policy calling for a broad tax base so that tax rates can remain low. The General Assembly has ignored repeated calls to reduce these costly and inefficient carve-outs and has instead rushed through many more, leaving Missouri families to pick up the tab for education and other vital public services.

The unabated growth of such special carve-outs and the fiscal irresponsibility of failing to budget for them are all the more troubling when the General Assembly is simultaneously seeking to raise taxes on all Missourians with what could be the largest tax hike in Missouri history. While the benefits of the more than one billion dollars in annual tax breaks passed by the legislature over the past two months will go disproportionately to the wealthy, the burden of this multi-billion dollar tax increase for transportation would fall disproportionately on Missouri's working families and seniors.

Throughout my time as Governor, I have worked with legislators on fiscally responsible ways to improve

¹ Conference Committee Substitute for House Committee Substitute for Senate Bill No. 584; Conference Committee Substitute for Senate Committee Substitute for Senate Bill No. 612; Conference Committee Substitute for House Committee Substitute for Senate Bill No. 662; Conference Committee Substitute No. 2 for House Committee Substitute for Senate Bill No. 693; House Committee Substitute for Senate Bill No. 727; Senate Committee Substitute for Senate Bill No. 829; Senate Committee Substitute for House Committee Substitute for House Bill No. 1296; House Bill No. 1455; and Senate Substitute for Senate Committee Substitute for House Bill No. 1865.

our tax code while protecting our state's fiscal health, including the four tax cuts that I have signed into law. Even during this legislative session, I worked directly with legislators to put forward a specific, concrete proposal that would have lowered taxes for Missourians and reined in costly and inefficient tax credits for special interests, broadening the overall tax base and reducing tax rates, while protecting our ability to invest in education and other vital public services. Unfortunately, the General Assembly refused to enact this broad tax relief in favor of narrow giveaways like those contained in Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 and the other bills I am vetoing today. For the reasons stated herein, this is an endeavor I cannot support.

Tax Refunds to Delinquent Taxpayers

Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 would modify the established process for obtaining a sales tax refund by allowing a refund even when a taxpayer currently has overdue taxes. This provision is projected to reduce state and local revenue by up to \$10 million annually, although the General Assembly failed to account for any of this fiscal impact in the Fiscal Year 2015 budget they passed. As with many of the tax measures passed by the legislature on the last day of session, this provision was not the subject of a public hearing in any Senate committee.

This provision would enable a business with significant tax delinquencies to get a tax refund for an unrelated overpayment of tax, where under current law the refund could be offset by the amount of tax delinquency. For example, under this provision even a business that owes \$100,000 in back taxes would be able to get a refund check from the state for a \$100,000 unintentional overpayment, so long as the \$100,000 tax delinquency is subject to appeal. Under current law, the \$100,000 refund would be offset by the entire \$100,000 tax delinquency, thereby eliminating the need to later engage in costly and inefficient collection efforts to recover the \$100,000 in overdue taxes. Such a change to the established refund process would unfairly reward those who fail to pay their taxes and would result in costly inefficiencies borne by all law-abiding taxpayers. Accordingly, this provision does not receive my support.

Sales Tax Holiday Expansion

Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 expands the back-to-school sales tax holiday by adding graphing calculators to the list of items that can be purchased tax-free. This expansion is projected to reduce state revenue by as much as \$200,000 annually, which the General Assembly failed to account for in the Fiscal Year 2015 budget they passed. Like many of the tax provisions passed during the final day of session, this provision was not the subject of a public hearing in any Senate committee.

Because Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 expands the current sales tax holiday without the General Assembly accounting for the accompanying revenue reduction in the budget they enacted, this expansion does not receive my approval.

In accordance with the above-stated reasons for disapproval, I am returning Conference Committee Substitute for House Committee Substitute for Senate Substitute for Senate Bill No. 860 without my approval.

Sincerely,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 10, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Substitute for Senate Bill No. 866 entitled:

AN ACT

To amend chapter 408, RSMo, by adding thereto one new section relating to installment loan lenders.

I disapprove of Senate Substitute for Senate Bill No. 866. My reasons for disapproval are as follows:

Senate Substitute for Senate Bill No. 866 would create a new term to describe a short-term lender not licensed as a bank or credit union—a “traditional installment lender”—and would restrict the authority of local governments with respect to such entities. Because this change would unduly interfere with local control, the bill does not receive my approval.

The new classification “traditional installment lenders” sought to be established in Senate Substitute for Senate Bill No. 866 would cover two types of consumer lenders licensed by the state—consumer installment lenders and small loan companies. Small loan companies can make loans of \$500 and over, while consumer installment lenders can make loans of any amount, but the loans must be repaid in at least four installments over at least 120 days. There are no restrictions on the interest consumer installment lenders or small loan companies can impose and just last year the General Assembly increased the maximum amount of origination fees consumer installment lenders and small loan companies can charge. *See* Senate Committee Substitute for House Bill No. 329 (2013).

A number of Missouri municipalities have enacted ordinances that impose zoning, permitting, and other restrictions on short-term, small loan lenders.¹ For example, the City of Kansas City enacted an ordinance in 2007 regulating “short-term loan establishments” and broadened its ordinance in 2011 to specifically regulate consumer installment lenders. Kansas City was able to successfully defend this ordinance against court challenge brought by one of the regulated lenders. Perhaps recognizing this legislation as an assault on their authority to maintain this ordinance, the City of Kansas City was able to obtain a carve-out from the restrictions of this bill.

Unfortunately, the rest of Missouri’s political subdivisions were not so fortunate, since Senate Substitute for Senate Bill No. 866 would preempt any existing charter provision or ordinance that does not “expressly apply” to “traditional installment lenders” as of August 28, 2014. Because this bill would also be creating the new label of “traditional installment lenders,” it is highly unlikely that any current ordinances or charter provisions “expressly apply” to such newly-christened lenders. Moreover, Senate Substitute for Senate Bill No. 866 would also prevent communities from modifying current ordinances

¹ Communities such as Arnold, Bellefontaine Neighbors, Berkeley, Blue Springs, Independence, Kansas City, St. Ann, St. Louis, and Valley Park have enacted such ordinances that could be preempted under this bill.

or charter provisions to address this type of lender in the future because such ordinances or charter provisions would not have been in effect prior to the effective date of the bill.

Because it would erode local control in areas such as zoning that fall squarely fall within the traditional police powers of local communities, Senate Substitute for Senate Bill No. 866 does not receive my approval.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Bill No. 866 without my approval.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 869 entitled:

AN ACT

To repeal sections 21.771, 37.710, 105.271, 208.631, 208.636, 208.640, 208.643, 208.646, 210.027, 210.145, 210.152, 210.160, 210.183, 210.211, 211.171, 334.950, 453.073, and 453.074, RSMo, and to enact in lieu thereof eighteen new sections relating to children, with an existing penalty provision and an effective date.

On July 9, 2014, I approved said House Committee Substitute for Senate Substitute for Senate Bill No. 869.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 23, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you House Committee Substitute for Senate Substitute for Senate Bill No. 884 entitled:

AN ACT

To amend chapter 376, RSMo, by adding thereto one new section relating to insurance for dental services.

On June 23, 2014, I approved said House Committee Substitute for Senate Substitute for Senate Bill No. 884.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 8, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 890 entitled:

AN ACT

To repeal section 508.010, RSMo, and to enact in lieu thereof one new section relating to venue for injury outside the state of Missouri in connection with railroad operations.

On July 8, 2014, I approved said Senate Bill No. 890.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

June 4, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 892 entitled:

AN ACT

To repeal sections 115.123 and 115.755, RSMo, and to enact in lieu thereof two new sections relating to the presidential primary election date.

On June 4, 2014, I approved said Senate Committee Substitute for Senate Bill No. 892.

Respectfully submitted,

Supplement

/s/ Jeremiah W. (Jay) Nixon
Governor

June 27, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 896 entitled:

AN ACT

To repeal section 49.272, RSMo, and sections 1 to 21 of an act of the general assembly of the state of Missouri approved on February 26, 1885, Laws of Missouri, pages 116 to 120, sections 1 to 11 of an act of the general assembly of the state of Missouri approved on February 26, 1885, Laws of Missouri, pages 131 to 133, and sections 1 to 10 of an act of the general assembly of the state of Missouri approved on February 26, 1885, Laws of Missouri, pages 134 and 135, and to enact in lieu thereof four new sections relating to county governance, with a penalty provision.

On June 27, 2014, I approved said Conference Committee Substitute for House Committee Substitute for Senate Committee Substitute for Senate Bill No. 896.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor

July 9, 2014

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Bill No. 907 entitled:

AN ACT

To repeal section 165.011, RSMo, and to enact in lieu thereof one new section relating to safety-related capital projects for schools.

On July 9, 2014, I approved said Senate Bill No. 907.

Respectfully submitted,

/s/ Jeremiah W. (Jay) Nixon
Governor
