

Journal of the Senate

ONE HUNDRED FIRST GENERAL ASSEMBLY

OF THE

STATE OF MISSOURI

SECOND REGULAR SESSION

VETO SESSION

FIRST DAY—WEDNESDAY, SEPTEMBER 14, 2022

The Senate was called to order in Veto Session by Lieutenant Governor Mike Kehoe.

Reverend Carl Gauck offered the following prayer:

“The path of the righteous is like the light of dawn, which shines brighter and brighter until full day.” (Proverbs 4:18)

Gracious God, we gather to fulfill our constitutional obligation this day, mindful that You lead us on the path of righteousness so that what we do and say are always to be a witness unto You. May our time here be fruitful and productive and may we continue to enrich our collegiality and extend our friendship with one another. In Your Holy Name we pray. Amen.

The Pledge of Allegiance to the Flag was recited.

Senator Rowden announced photographers from KRCG-TV, Jefferson City News Tribune, Nexstar Media Group, and KOMU 8 were given permission to take pictures in the Senate Chamber.

The following Senators were present during the day’s proceedings:

Present—Senators

Arthur	Bean	Beck	Bernskoetter	Brattin	Brown	Burlison
Cierpiot	Crawford	Eigel	Eslinger	Gannon	Hegeman	Hoskins
Hough	Koenig	Luetkemeyer	May	Moon	Mosley	O’Laughlin
Onder	Razer	Riddle	Rizzo	Rowden	Schatz	Schupp
Thompson Rehder	Washington	White	Wieland	Williams—33		

Absent—Senator Roberts—1

Absent with leave—Senators—None

Vacancies—None

The Lieutenant Governor was present.

RESOLUTIONS

Senator Rowden offered the following resolution, which was read and adopted:

SENATE RESOLUTION NO. 1

BE IT RESOLVED by the Senate that the Secretary of Senate inform the House of Representatives that the Senate is duly convened and is now in session as provided by Article III, Section 32 of the Constitution and is ready for the consideration of its business.

Senator Rowden offered the following resolution, which was read and adopted:

SENATE RESOLUTION NO. 2

BE IT RESOLVED by the Senate that the rules of the Senate, as adopted by the One Hundred First General Assembly, Second Regular Session, be declared to be the rules of the Veto Session of the One Hundred First General Assembly.

COMMUNICATIONS FROM THE GOVERNOR

The following communication, regarding vetoed Senate Bills, was received by the Secretary of State, reading of which was waived:

GOVERNOR
STATE OF MISSOURI
July 1, 2022

TO THE SECRETARY OF STATE
OF THE STATE OF MISSOURI
101st GENERAL ASSEMBLY
SECOND REGULAR SESSION

Herewith I return to you Senate Substitute for Senate Committee Substitute for Senate Bill 724, entitled:

AN ACT

To repeal sections 50.800, 50.810, 50.815, 50.820, and 105.145, RSMo, and to enact in lieu thereof four new sections relating to financial statements of political subdivisions, with penalty provisions.

I disapprove of Senate Substitute for Senate Committee Substitute for Senate Bill 724. My reasons for disapproval are as follows:

While I recognize and applaud the General Assembly in its effort to improve the laws governing financial statements of political subdivisions, I cannot approve this bill as presented to me.

Section 164.450 is legally and practically troubling. Legally, this section resembles a special law, violating Article III, Section 40 of the Missouri Constitution. There must be a rational basis for the statute to subject St. Charles County alone to additional bond and voter approval requirements. *City of Aurora v. Spectra Commc'ns Group, LLC*, 592 S.W.3d 764, 781 (Mo. banc 2019). It is not clear how school district construction projects or bond indebtedness are different in St. Charles County than anywhere else in Missouri. To avoid legal pitfalls with targeted legislation, I cannot support a statute that has no tangible benefit to Missourians statewide. See *Jefferson Cty. Fire Prot. Dists. Assoc. v. Blunt*, 205 S.W.3d 866, 868–69 (Mo. banc 2006), *overruled on other grounds by City of Aurora*, 592 S.W.3d at 781.

Practically, Section 164.450 fails no better. Historically, districts typically advertise bond proposals with a list of projects and estimated costs, which are sometimes based on project estimates up to two to three years before the bond authorization is passed. Inflation, material costs, and labor access have created unprecedented and unforeseen challenges and expenses for even well-planned and executed projects. According to the United States Census Bureau, construction costs alone increased over 17.5 percent from 2020 to 2021. Further, construction costs in 2021 were more than 23 percent higher than pre-pandemic costs in 2019. While districts currently manage these circumstances by reducing the scope of the project to stay within the budget or supplement the project with reserve funds or other funding sources, this proposal requires construction projects to cease immediately and completely when costs exceed ten percent of the budgeted amount, which is currently less than inflation, until voters approve further bond indebtedness. Not only does this stall projects intended to benefit the public and that have already been approved by voters, it could also result in project cost increases over the time the project is delayed and waste taxpayer funds if construction is not completed in cases where a project is not further approved as required under the proposal. Worse still, these effects would have been certain and immediate on construction projects currently underway in St. Charles County given the historic inflation we have been experiencing over the last year.

Also of concern, Section 164.450 invites individuals to sue the school district for incurring costs regardless of whether they are outside of the district's control, which would also increase costs to school districts and therefore taxpayers. Further, the language is unclear as to whether the ten percent cost increase trigger applies to individual projects within an overall larger project or on a cumulative basis for an entire project. For example, it is unclear whether a roof installation for a new middle school building that exceeds the ten percent threshold would threaten the overall project regardless of whether the overall project costs remain under the threshold. As currently written, this provision would create uncertainty at best, and project delays, increased costs, and unnecessary litigation at worst.

In practice, this proposal would likely result in districts severely overestimating project costs and seeking inflated bond issuances in an effort to reduce the risk of project delays and legal challenges. While I see value in adding transparency to school district construction projects, I cannot support this proposal as drafted given the negative practical and economic impacts it will likely have, as well as my concerns on the legality of the measure.

Thankfully, the two other provisions of the bill that provide relief to counties by reducing publishing costs and providing opportunities to reduce penalties relative to annual financial statement filings are both contained in House Bill 1606, which I have already signed.

In accordance with the above stated reasons for disapproval, I am returning Senate Substitute for Senate Committee Substitute for Senate Bill 724 without my approval.

Respectfully Submitted,
Michael L. Parson
Governor

On motion of Senator Rowden, the Senate adjourned until 10:00 a.m., Tuesday, September 20, 2022.

SENATE CALENDAR

SECOND DAY—TUESDAY, SEPTEMBER 20, 2022

FORMAL CALENDAR

VETOED BILLS

SS for SCS for SB 724-Hegeman

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