

STRATEGIC CAPITOL

C O N S U L T I N G

March 27, 2025

We're back! MO legislators, staff, and Capitol regulars returned to the Capitol halls this week revitalized and refreshed from their annual spring break. While committee hearings are starting to slow down, floor debate is vamping up. Both chambers dedicated the majority of the week focusing on their priorities and with the quickly approaching adjournment date of May 16th, House and Senate members were busy eyeing every opportunity available to advance their proposals to Governor Kehoe's desk. Legislative activity will only become more chaotic as the last day of session looms.

Tidbits

- On Wednesday, during a bill signing ceremony at the Missouri State Capitol, Governor Mike Kehoe signed his legislative priority relating to public safety and the state takeover of the St. Louis Police, HB 495 into law. Governor Kehoe was joined by the sponsors of the bill, Representative Brad Christ, and Senators Nick Schroer and Travis Fitzwater, along with Attorney General Andrew Bailey, Missouri Department of Public Safety Director Mark James, Missouri State Highway Patrol Colonel Michael Turner, and leaders from statewide law enforcement associations, including the Missouri Fraternal Order of Police, Missouri State Troopers Association, Missouri Police Chiefs Association, the Missouri Sheriffs Association, and the Ethical Society of Police.
- Missouri nonfarm payroll employment increased by 12,500 jobs in February 2025, and the seasonally adjusted unemployment rate remained at 3.7 percent. Private industry employment increased by 12,200 jobs and government employment increased by 300 jobs. Over the year, there was an increase of 10,300 jobs from February 2024 to February 2025, and the unemployment rate increased by two-tenths of a percentage point, from 3.5 percent in February 2024 to 3.7 percent in February 2025.
- This week, Senator Mary Elizabeth Coleman announced she will not be running for reelection. Senator Coleman will be staying in the senate through the end of her term. With her stepping out of the race, the primary for SD 22 is expected to be a hotly contested one.

Budget Update

The House Budget Committee dedicated the majority of Monday reviewing and finalizing the \$47.9 billion budget proposal for Fiscal Year 2026, which begins July 1. The proposed budget, is around \$2.1 billion less than the budget proposed by Gov. Mike Kehoe during his State of the State Address in January and, among other things, includes:

- \$50 million in General Revenue for empowerment savings accounts to provide scholarships to qualifying children to attend private schools,
- A 1% cost of living adjustment for state employees for every two years of service up to 5% of their salary (a reduction of the Governor's proposal of 1% for every two years of service up to 10%)
- \$700,000 to support the state's child abuse and neglect reporting hotline
- A reduction of \$650 million in federal emergency education and nutritional services spending authority which was not received by the state
- \$5 million each for the early literacy and home reading programs and \$3 million for evidence-based reading instruction programs
- \$1.2 million for career readiness assessments and vocational instruction credentialing programs for high school students
- \$1.6 million for teacher recruitment and retention scholarships
- A transfer of \$14 million from DESE's Office of Childhood to the Office of Administration Children's Trust Fund for home visiting program administration
- A reduction of \$105 million of federal childcare subsidy payments which will expire
- \$12 million in General Revenue to provide public charter school operators with low interest loans for facility capital improvements and maintenance
- \$1 million to support public institutions of higher education in re-engagement of students who have not completed a degree or certificate program
- \$5 million to establish a community childcare exchange program between families, employers, and communities
- \$19 million for a new state park in McDonald County
- \$3 million in Federal Funds to develop a small modular nuclear reactor program at Missouri S&T
- \$1 million to develop an incentive program for recruitment and retention of police officers in St. Louis city
- \$5 million to establish the Missouri Veterans Opportunity and Job Training program
- \$500,000 to recruit police officers from minority and marginalized communities to serve in St. Louis city and county
- \$600,000 to staff the Missouri sports wagering program

The budget is expected to be debated by the full House next week and then the Senate will have its opportunity to further scrutinize the spending of state tax dollars. The full budget must be approved by both chambers by May 9th.

Floor updates

Omnibus Pensions

The House dedicated floor time Wednesday to debate HB 147, sponsored by Representative Barry Hovis (R-Whitewater). The bill as filed, modifies the calculation of earned compensation for members of the city of St. Louis Police Retirement System to include any compensation awarded as part of a judgement or settlement to a member of the System who is involved in a legal challenge based on their rank. During debate, numerous amendments were adopted to create an omnibus pensions package. Specifically, the bill now includes the following provisions:

- HB 976, adds the corrective language for LAGERS.
- HB 44, seeks to equalize the tax burden for private and public pensions.

- HB 657, requires pension funds to obtain shares in the economic interest of the participants (no ESG).
- Provides the COLA fix for the teacher retirement system; and,
- HB 977, modifies provisions regarding investments in foreign entities or funds on the adversarial watch list.

Once modified, the House provided its first of two necessary approval votes.

The House then turned its attention towards HB 44, sponsored by Representative Mike McGirl (R-Potosi). The bill increases the maximum amount to be subtracted from a taxpayer's adjusted gross income for tax years beginning on or after January 1, 2026, to the first \$12,000 of any retirement allowance received from any privately funded sources. The current maximum is \$6,000. After brief debate, the House provided its first of two necessary approval votes.

Committee updates

LAGERS modifications

The Senate Committee on Local Government, Elections, and Pensions convened Monday afternoon to consider passage of SB 514, sponsored by Senator Rusty Black (R-Chillicothe). The bill is the Senate companion to HB 976, sponsored by Representative Barry Hovis (R-Whitewater) and provides statutory updates to the Local Government Employees' Retirement System to account for federal changes and outdated/obsolete provisions. During discussion, a committee substitute was adopted to codify what information may be provided and what personally identifiable information may not be shared with regard to the plan's investments. Once modified, the committee passed the bill by a 7-0 vote.

Hearing Schedules

[House](#)
[Senate](#)

Chamber Floor Calendars

[House](#)
[Senate](#)

Upcoming Dates of Interest

- April 21, 2025 – Easter holiday – no session
- May 9, 2025 – Last day to pass the FY26 budget
- May 16, 2025 – Last day of the 2025 legislative session
- September 10, 2025 – Veto session

Custom Bill Track Link

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- As a reminder, this is a hotlink and updates automatically as things are added, progress, or change.

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