

# STRATEGIC CAPITOL

## CONSULTING

April 3, 2025

With only 6 weeks remaining in the legislative session, the topic of state revenues took center stage in both chambers. While the House finalized the state budget this week, the Senate dedicated the majority of their week debating a proposal that seeks to exempt long term capital gains from state income tax. Several Senators questioned whether a tax cut of nearly \$335 million in the coming fiscal year was prudent and with uncertainty over federal funding, it ultimately has created uncertainty with forecasted state budget predictions.

### **Moon delays Schatz appointment**

State Senator Mike Moon spent most of the night Wednesday holding up the confirmation vote of former Senate President Pro Tem Dave Schatz. Governor Kehoe appointed Schatz to the Franklin County Commission earlier this year and during the filibuster, Senator Moon stated he tried to work behind the scenes to express his opposition and concerns with the appointment, however, his voice went unheard. Moon began his filibuster laying out grievances against Schatz, while also sharing emails from people he stated were Franklin County residents that were expressing their concern with the appointment as well. The one-man filibuster lasted nearly 10-hours and after several attempts to set the appointment aside, the Senate ultimately confirmed Schatz and then quickly adjourned until Monday.

### **Tidbits**

- March revenues were another weak month for Missouri with revenues reporting 2.2% lower than compared to March 2024. This brings the fiscal-year-to-date number to -1.44%, which is about \$134 million less than this time a year ago.
- On Tuesday, Missouri Attorney General Andrew Bailey announced a major victory for Jackson County taxpayers as the court ruled in favor of the State on every single count in its lawsuit against the Jackson County Tax Assessor. This ruling affirms that Jackson County violated state law by illegally inflating property assessments, leading to undue tax burdens on residents. The Court's full judgement can be read [here](#).

### **Budget Update**

This week, the full House reviewed and finalized the proposed \$48 billion state budget, and the proposals now will go to the Senate for further consideration. While the final House budget proposal invests \$200 million more for the state's K-12 funding formula, it still falls roughly \$300 million short of fully funding the foundation formula. Additionally, the House version of the budget also takes out millions of federal dollars meant to go toward childcare subsidies, which was an item that Kehoe included in his requested budget proposal. During the House debate, several amendments were offered by Democrat members, but ultimately failed, seeking to shift money to the school foundation formula and restore payments to childcare providers.

Although the majority of amendments failed, the biggest change approved by House members was a \$50 million cut in Medicaid general revenue matches. Overall, the House approved budget is \$5 billion less than what Governor Mike Kehoe proposed in his State of the State Address.

The House Budget Committee also dedicated committee time this week to three other budget bills, which includes potential funding for capital improvement projects as well as funding for projects under the American Rescue Plan Act.

### **Floor updates**

#### **Elections**

The House dedicated floor time Monday afternoon to debate HB 126, sponsored by Representative Rudy Veit (R-Wardsville). The bill modifies several provisions relating to elections. During debate, Representative Mike Steinmeyer (R-Sugar Creek) amended the bill to prohibit public pensions system from making contributions or expenditures for any political purposes. Representative Mark Mattheisen (R-O'Fallon) then amended the bill to include HB 632, which allows for election challengers in charter and certain counties. Once modified, the House provided its first of two necessary approval votes.

#### **Pensions**

The House dedicated floor time Wednesday to revisit 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 rank. During previous debate, numerous amendments were adopted to create an omnibus pensions package. The bill now includes the following provisions:

- HB 976, which adds corrective language for LAGERS.
- HB 44 that equalizes the tax burden for private and public pensions.
- HB 657, which modifies provisions related to proxy voting and fiduciary investment duties for certain public employee retirement and pension systems.
- Provides the COLA fix for PSRS.
- HB 977 that modifies provisions regarding investments in foreign entities or funds on the federal adversarial watch list.

After no further debate, the House passed the bill by a 147-1 vote. The bill now will be sent to the Senate for further consideration.

#### **Income tax deduction for private pensions**

The House dedicated floor time Wednesday afternoon to revisit HB 44, sponsored by Representatives Mike McGirl (R-Potosi). The bill increases an individual's income tax adjustments related to private pensions by increasing from \$32,000 to \$64,000 for married filing combined, \$25,000 to \$50,000 for single, and \$16,000 to \$32,600 for married filing single. during committee discussion, a committee substitute was adopted to combine both bills into one legislative vehicle. After no debate, the House passed the bill by a 147-1 vote.

#### **Local election authorities**

The House dedicated floor time Wednesday to revisit HB 794, sponsored by Representative Ben Baker (R-Neosho). The bill prohibits any government entity from soliciting, accepting, or using any funds or in-kind goods or services for election administration, unless the funds or in-kind goods or services are of minimal

value or provided by another government entity. The bill also prohibits any government entity or election officer from joining the membership of any entity, participating in any program, or purchasing services from any entity unless the entity complies with certain certification requirements. The bill was previously amended to prohibit any foreign entity from contributing to campaigns. After no further debate, the House passed the bill by a 99-48 vote. The bill now will be sent to the Senate for further consideration.

### **Committee updates**

#### **Retirement credited service**

Representative Jeff Knight (R-Lebanon) appeared before the House Pensions Committee Thursday morning to present HB 1526. Currently, for the Year 2000 plan, a member's normal retirement eligibility is a member's age of at least 67 and the completion of at least 10 years of credited service, or the member's age of at least 55 with the sum of the member's age and credited service equaling 90. The bill changes the retirement eligibility to a member's age of at least 62 and the completion of at least 10 years of credited service, or the member's age of at least 48 years with the sum of the member's age and credited service equaling 80. Additionally, the bill seeks to modify retirement plans for multi county circuit employees to ensure employees receive the credit for all of their time served. During bill presentation, the sponsor informed committee members that he plans to offer a committee sub to remove the Year 2000 plan provisions. The MO Juvenile Justice Center supported the bill. No opposing testimony was presented.

### **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.

Cassie Grewing Henderson | 18500 Edison Avenue, Ste. 200, Chesterfield, MO 63005

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