



May 1, 2025

Two weeks remain in the 2025 legislative session. The House continues to work through its floor calendar, meanwhile the Senate finalized its version of the proposed '26 budget. With time vanishing quickly and tensions growing by the minute, the legislative outlook appears unpredictable at best. The remaining two weeks will be a flurry of amendments as members continue to try to get their priorities across the finish line and to the Governor's desk.

Updating through session's end

Ten days remain in session. The time remaining is certain to be chaotic, as numerous changes will be made to nearly all bills debated. Session will run throughout the week and late into each evening. Neither time nor ever-changing language will allow for your customary weekly reports. Instead, we will communicate with you via intermittent texts, emails, and/or calls as priorities progress over the remaining time. Session adjourns promptly at 6:00 p.m. on Friday, May 16. We will work to sift through all final legislation and amendments and send you a final legislative report shortly after adjournment.

Budget Update

On Tuesday, the Missouri Senate finalized their version of the FY2026 budget, proposing to spend nearly \$49.5 billion across the 13 operating budgets for public safety, health, education, social services, transportation, and the operations of state government. Overall, the Senate budget would spend \$1.6 billion more than the House version and \$575 million less than what was proposed by Governor Mike Kehoe in his January State of the State Address.

The nearly five hour marathon reviewing and finalizing the budget only saw a few flash points, notably when Senator Mary Elizabeth Coleman (R-Arnold) attempted to defund state YMCA programming over a recent reported investigation into improper exposure by an individual to a child and again later when she attempted to offer an amendment to eliminate funding at the Department of Corrections for the purchase of drugs used for lethal injection of death row inmates. After considerable debate on both amendments that were offered by Senator Coleman, both ultimately failed.

Towards the end of the debate, which several senators overall expressed appreciation to Senate Appropriations Chairman Lincoln Hough (R-Springfield) for his openness to consider requests for funding throughout the budget process, some Democrat senators did take to the floor to discuss ways the budget could be improved, including additional funding for education and social services programs highlighting specifically the need to look into future solutions to help foster care kids.

Other significant differences between the House and Senate include:

- The Senate reverted to Gov. Kehoe's proposed state employee pay increase, providing state employees a raise of 1% for every two years worked, capped at 10%, double the 5% raise approved by the House.

- Nearly \$300 million more than was requested by Gov. Kehoe and approved by the House for the state's education funding formula and an elimination of \$50 million of General Revenue proposed by the Governor to fund scholarship programs for private school tuition.
- \$107 million of new childcare funding to shift the childcare subsidy program to payments based on enrollment instead of attendance.
- \$92.7 million between General Revenue and Federal Funds to pay the judgement costs associated with a lawsuit over a Medicaid software dispute.
- After Gov. Kehoe proposed a 1.5% increase for colleges and universities, the House agreed and added \$28 million for one-time maintenance and repair, while the Senate proposed an ongoing 3% increase at all public institutions of higher education.
- A cut of \$684,000 and 25 full time employees for the Secretary of State's Office.
- Overall, the House added 149 items to the budget with a total cost of \$295 million, 57 of which were cut by the Senate, totaling \$126.3 million, while adding 169 projects at a cost of \$441 million.

The total operating budget approved by the Senate proposes using around \$15.7 billion in general revenue supplemented by a substantial amount of funds from the state's rainy-day fund, slightly less than the \$16 billion proposed by Gov Kehoe, but still well above the consensus revenue estimate reached in December of 2024. Appropriators from the Kehoe Administration as well as the House and Senate projected taking in \$13.56 billion for FY26, which begins July 1, although state revenues are currently down 1.65% for the year and legislators are considering several proposals which will further reduce revenue, such as eliminating the state's capital gains tax, exempt members of the National Guard from the state's income tax, decrease the maximum percentage taxed on personal property, and limit growth of local property tax revenue to 3% or the rate of inflation, whichever is less.

Looking forward, both chambers are expected to work together next week to reconcile differences between their respective versions of the budget proposals. Additionally, the Senate Appropriations Committee still has to pass the remaining three Capital Improvements and APRA spending bills totaling nearly \$3.7 billion before the May 9 deadline.

Highlights

The MO Supreme Court handed down its decision Tuesday afternoon and has upheld Proposition A. Proposition A, which garnered substantial voter approval with a 58% to 42% margin, will raise the minimum wage to \$15 per hour by 2026, with future increases tied to the Consumer Price Index and Employers with 15 or more workers must guarantee one hour of sick time for every 30 hours worked. Several business organizations challenged the ballot measure, specifically over the sick leave provisions. In a 5-2 decision, the court determined that the summary statement of the initiative met the necessary standards of adequacy and fairness, concluding that the plaintiffs had not provided any compelling evidence to show that voters were misinformed. The Supreme Court declined to address the single subject claim, stating that such issues must first be raised and adjudicated in a lower court. The full court ruling can be found [here](#).

Committee Updates

Pensions

The Senate Committee on Local Government, Elections and Pensions convened Monday afternoon to consider passage of 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. During discussion, a Senate Committee Substitute was adopted which added several provisions to create an omnibus retirement package. Specifically, the bill now includes the following provisions:

- Adds the negotiated language for the Sheriff's Retirement System.
- SB 514, modifies provisions relating to the Missouri Local Government Employees' Retirement System.
- Modifies the Cost-of-Living adjustment for LAGERS be tied to the CPI.

- Allows investment decisions made by the Board of LAGERS be conducted in a closed meeting in certain circumstances.
- SB 357, modifies the definition of “earnable compensation” for the Police Retirement System of St. Louis.
- SB 255, modifies provisions relating to the administration of other pension plans by the Firemen’s Retirement System of St. Louis.
- SB 389, modifies provisions relating to duties of fiduciaries for public employee retirement systems; and,
- SB 529, clarifies state of local public retirement systems are restricted from investing in certain restricted entities.

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

- 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

Your custom webpage URL for bill tracking is <https://govwatch.net/report/LGKp>

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

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