



May 20, 2025

The 2025 Missouri legislative session officially came to an end and abruptly adjourned earlier than the constitutional deadline of 6:00pm Friday May 16<sup>th</sup>. After the November elections, the number of seats Republicans and Democrats held in the Senate chamber remained unchanged with Republicans maintaining 24 of the Senate's 34 seats and in the House, Republicans held 111 of the House's 163 seats. Which means Republican held supermajorities in both the House and Senate chambers this session. While the past couple of years the Senate has been filled with gridlock and disagreements, which has halted legislation from moving forward, with the election of new leadership and new members, this session was more productive than previous years and was even highlighted as the most productive session in the past 10 years. Both parties dedicated the majority of the session working through differences and coming up with fruitful compromises which contributed to the passage of several not only Governor, but legislative priorities such as a major crime reform bill, utility bill, and a tax bill eliminating capital gains and providing various tax credits.

While several key pieces of legislation were passed and sent to the Governor, a few legislative priorities continued to hang in the balance throughout session. As the deadline for adjournment loomed, tensions and frustrations started to flare with the realization that not all priorities were going to make it past the finish line. Ultimately, on Wednesday MO Senate Republicans shut down Senate debate by invoking a rarely used rule known as the PQ (previous question) to force votes on not only one but two key pieces of legislation. Ironically, both dealt with voter-approved issues that were passed through the IP process: abortion and sick leave.

Minutes before the first PQ was invoked Democrats took to the floor and promised consequences and pledged that the PQ motion to end debate, which has not been used since 2020, will mean confrontation and the end of any future Democrat cooperation. While the Senate immediately adjourned Wednesday after the Senate used the rare procedural move twice back-to-back, the House continued to work through Thursday and wrapped up all remaining business. By adjournment Thursday, a total of 70 out of 2676 bills were truly agreed to and finally passed and 16 of those were appropriation bills.

Governor Kehoe's administration will spend the next eight weeks reviewing the TAFP'd bills and issuing his signature and vetoes. Bills signed by the Governor will become law on August 28<sup>th</sup>, unless they were passed with an emergency clause, in that event, they will become effective immediately upon signature.

## **Session Overview**

Both House and Senate leadership highlighted their priorities for the 2025 Session back at the beginning of January. The clear consensus is that this legislative session was a success for the majority party, as most proposals were passed and sent to the Governor's desk. Priorities this session included:

- Initiative Petition reform (no)
- Paid Sick Leave and Minimum Wage (yes)
- Crime Reform (yes)
- VLT (no)
- Utility Reform
- Tort reform (no)
- Personal property tax reform (no)
- Abortion Ban (yes)
- Stadium Funding (no)

There is also a natural tendency for priorities to change throughout session and depending on issues throughout the State, sometimes the Legislature needs to react quickly. Bills of interest to you are below. Governor Kehoe's administration will spend the next eight weeks reviewing the TAFP'd bills and issuing his signature or vetoes. Bills signed by the Governor will become law on August 28<sup>th</sup>, unless they were passed with an emergency clause, in that event, they will become effective immediately upon signature. The full list of bills which were Truly Agreed to and Finally Passed may be found [here](#).

## **Budget Overview**

Towards the end of session, the General Assembly flirted with the need for a special session to finalize the budget for the next fiscal year, that effectively starts July 1, 2025. With mere days left before the constitutional deadline, the House and Senate conference committees were able to reconcile their differences throughout the budget and after several days of talks and negotiations the committee ultimately finalized a \$53.5B proposed budget Thursday evening. Items headlining the deliberations included \$50 million in General Revenue funding for Education Savings Accounts, full funding of the school foundation formula, increased spending of \$107 million more in childcare support, and approval of Governor Kehoe's pay raise plan that rewards longevity in state employment. Ultimately, the finalized budget calls for spending about \$210 million less than the Governor originally recommended, approximately \$1.9 billion more than the House version, and \$237 million more than the Senate version.

While both chambers dedicated Friday reviewing and approving the proposed conference committee changes, just hours before the constitutional deadline to finish work on the budget, MO House Republicans waited until after the Senate adjourned and had already gone home for the week and orchestrated the sinking of HB 19, which is one of the proposed Capital Improvements (CI) bills that included a proposed budget of \$500 million for various construction projects throughout the State. The decision to kill HB 19 left many Senators and Capital regulars furious and by the time all returned back to the Capital on Monday many were still shocked by the decision. Senate Appropriations Chairman Lincoln Hough took to the floor Monday afternoon not only to express his frustrations, but to also inform

all in the chamber that he did not intend to let any other House bills pass for the remaining of session. Hough then spent several hours going through the 86-line items line-by-line, calling on various Senators to discuss projects that would have been funded in their district. Some of the projects that were not funded included:

- \$50 million to support the University of Missouri's project to build a new research reactor.
- \$55 million for a new livestock display and stalling barn at the Missouri State Fairgrounds.
- \$40 million for health care projects in amounts ranging from \$750,000 to \$10 million in St. Louis, Lee's Summit, Barry County, Springfield, Kansas City, Joplin, Clinton, Butler, Salem, St. Joseph, Pineville, Sullivan County, Scotland County and Pemiscot County; and
- \$8 million for Boys and Girls Clubs throughout the state for various projects including repairs for roofs, HVAC's, and pools.

According to Hough, the results of the House not only effect the various projects highlighted above but also will have detrimental effects on access to health care in rural areas, slower action on crime evidence, and higher costs for residents in areas where projects have already been approved and started.

### **Stadium Funding**

Despite never having been introduced as a formal bill during bill filing or ever having a public hearing, MO Governor Mike Kehoe unveiled his plan the last week of session to cover up to half of the costs of a new stadium for the Royals and refurbished Arrowhead Stadium, for the Chiefs. On Tuesday, Missouri House members added the proposal via amendment to a Senate bill pertaining to student athletes and approved the proposal in a 108-40 vote. By the time it reached the Senate, only three days remained before the legislature must adjourn for the year.

Several people could still see the ripple effects of the House's decision to kill HB 19, which ultimately created a bipartisan backlash that helped derail the governor's stadium funding plan. Senators not only declared the proposal dead on arrival, but complained that they were being asked to vote on a stadium funding plan that could cost hundreds of millions of dollars and resented the fact that it was approved by the House that just days before refused to allow a \$500 million spending bill that would have funded projects for health care, education and law enforcement across the state.

While both the Chiefs and Royals have publicly expressed interest in moving from Missouri to Kansas after Jackson County voters rejected a proposal last year to extend a 3/8-cent sales tax to help finance upgrades, after nearly 6-hours of debate, the bill was laid over and ultimately died.

### **TAFP Bill's of Interest**

#### **HB 147 - Retirement**

This act modifies provisions relating to retirement.

#### *All Public Pension Plans: Investment Fiduciary*

This act modifies provisions relating to duties of fiduciaries for public employee retirement systems. Specifically, investment fiduciaries shall not:

1. Be prohibited from closing records related to information in connection with investments in or financial transactions with business entities;
2. Consider environmental, social, or governance characteristics in a manner that would override his or her fiduciary duties;
3. Be subject to any legislative, regulatory, or other mandates to invest with environmentally, socially, or other non-economically motivated influence unless the mandates are consistent with the fiduciary's responsibility or as provided in the system's governing statutes, ordinances, charter, or documents with respect to the investment of system assets or other duties imposed by law relating to the investment, management, deposit, or custody of system assets; and
4. Be subject to any legislative, regulatory, or other mandates for divestment from any indirect holdings in actively or passively managed investment funds or in private assets.

Additionally, this act provides that all shares of common stock held directly by a retirement system shall be voted solely in the economic interest of participants of the system. Voting shares for the purposes of furthering noneconomic environmental, social, political, ideological, or other goals is prohibited. The act creates provisions on proxy voting for such purposes. The same provisions relating to investment fiduciary are found in SB 71.

#### *All Public Pension Plans: Investments in Restricted Entities*

This act provides that after August 28, 2025, a state or local public retirement system shall not knowingly invest in a restricted entity or a restricted investment product, as such terms are defined in the act to include certain Chinese persons and investments and those listed on the Specially Designated Nationals and Blocked Persons List published U.S. Department of the Treasury. Before December 1, 2025, and at least annually thereafter, the board of a public employee retirement system shall identify all restricted entities and restricted investment products in which the system holds an investment. If the board determines after such review that the system has investments in a restricted entity or a restricted investment product, the board shall establish a plan to divest the investment as soon as financially prudent and the investment shall be divested no later than August 28, 2026, unless the board finds that following conditions exist in which case the investment shall be divested before August 28, 2028:

1. The aggregate transaction costs are in excess of \$500,000;
2. The selling of global public equity interests would result in a loss on secondary markets; or
3. The divestment would fail to comply with federal or state law or other legal obligations.

Additionally, the act provides that on or before December 31, 2025, and annually thereafter, the board shall submit a report to the General Assembly, which shall include certain information listed in the act including all publicly traded securities sold, redeemed, divested, or withdrawn in compliance with this act and all commingled funds that are exempted from divestment.

#### **Conclusion**

Governor Mike Kehoe will now spend the next couple of weeks determining whether to sign or veto the bills passed during session. Appropriation decisions must be made by June 30<sup>th</sup> and policy decisions must be made by July 14<sup>th</sup>. The FY 26 budget fiscal year starts July 1<sup>st</sup>.

Additionally, in a press conference Friday afternoon MO Governor Mike Kehoe discussed the 2025 session and stated MO lawmakers will return to Jefferson City sometime next month for a special session to debate providing tax breaks to keep the Kansas City Chiefs and royals in the state. Although the leases for both teams' run through the end of the 2030 season, Kansas has already passed bipartisan legislation paving the way to fund a new stadium in an attempt to lure both the teams with a deadline of July 2025 to reach an agreement.

The Governor will also work with legislators over the next couple of weeks in an attempt to work through various hurdles in hopes of a successful special session. We will continue to monitor the Governors actions and will provide updates intermediately throughout the interim.

### **Key Upcoming Dates**

- June 30, 2025 – Final day for Governor to sign or line-item veto budget
- July 1, 2025 – First day of new fiscal year
- July 14, 2025 – Last day for Governor to sign or veto policy legislation
- August 28, 2025 – Effective date for policy bills without an emergency clause
- September 10, 2025 – Veto Session
- December 1, 2025 – First day of bill filing
- January 7, 2026 – First day of Legislative 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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