

**MGA's weekly Capitol Report will be sent on Friday's during session to all MGA members. Please keep in mind these reports are meant to provide an overview of all capitol activities, not necessarily MGA priorities. [You can view the current list of over 20 bills already filed impacting MGA membership here.](#)**

**MISSOURI GROWTH ASSOCIATION**

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# **CAPITOL REPORT**

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**WEEK ONE**

**The Missouri General Assembly is back in session, convening this week with adjournment scheduled for May 15. Members of the House and Senate have already filed more than 2,000 bills and resolutions.**

**Speaker Patterson opted not to deliver an opening-day address, while Senate President Pro Tem Cindy O’Laughlin offered general conservative remarks and signaled a tightening budget environment. Committees will begin hearing legislation next week. Among the most anticipated hearings is a bill sponsored by Rep. Brandon Phelps to legalize autonomous vehicles on Missouri roadways. In December, Waymo announced plans to begin mapping streets in the St. Louis area in preparation for launching its autonomous ride-share service.**

**The session’s priorities will come into clearer focus next Tuesday when Governor Kehoe delivers his State of the State address. He is expected to outline his highly anticipated proposal to eliminate Missouri’s personal income tax and present his budget recommendations.**

**Budget Update |**The only affirmative duty of the General Assembly each year is to pass a state budget. But, with a dwindling surplus, revenues in decline and Republican Governor Mike Kehoe pushing for elimination of the state income tax, the prospects for easy agreements on budget items is already looking grim.

Governor Mike Kehoe is scheduled to give his State of the State Address Tuesday, January 13th. During this time, the Governor won't only outline his plan for eliminating the state income tax, he will also present his budget proposal for the 2027 fiscal year. With the income tax representing 65% of last year's \$13.4 billion in revenue, the question will be where to find replacement money.

Missouri's current enacted state budget (FY 2026) totals about \$50.8 billion for all operations and capital improvements. General revenue, the money used for ongoing core services, makes up roughly \$15.4 billion of that. Currently, the shortfall projection between estimated state general revenue and appropriations in this year's budget is \$2.6 billion. Part of the difference, for state cash flow needs, is artificial because it is new spending on multi-year construction projects or money set aside for unfilled jobs in state government.

With reduced federal support, a decline in revenue collections, increases in spending growth, and economic and policy changes, Kehoe has warned his budget proposal on Jan. 13 will be written to bring spending into balance with current revenues.

**Governor Kehoe Announces Approval of More Than \$814 Million to Expand Broadband Access** | Governor Mike Kehoe and the Department of Economic Development's (DED) Office of Broadband Development (OBD) announced today that the National Telecommunications and Information Administration (NTIA) has approved Missouri's plan to award more than \$814 million to bring high-speed internet to more than 200,000 unserved and underserved locations across the state.

"High-speed internet is no longer a luxury—it's essential infrastructure," said Governor Mike Kehoe. "We thank the Trump Administration and NTIA for approving Missouri's plan to invest more than \$814 million to expand broadband access to over 200,000 of the most difficult to serve locations in our state. This investment strengthens our economy, supports rural communities, and creates new opportunities for families and businesses across Missouri."

**Election Year Outlook** | While this session marks the 10th year in a row that Republicans have controlled all three branches of state government and no Democrat has won a statewide election since 2018, it is an election year, and Democrats have an opportunity to swing some votes. Although the auditor's office is the only statewide race on the ballot, there are 10 Missouri Senate seats up for grabs due to term-limits.

While voter turnout is typically unpredictable at best, Republicans have put a controversial measure on the upcoming ballot to reinstate the states near total abortion ban, along with

a proposal to change the way majorities are calculated for constitutional amendments proposed by initiative petitions. Additionally, the proposed redistricting plan intended to give the GOP an additional seat in the U.S. House faces a possible referendum vote. These issues alone merely guarantee to bring hundreds of thousands of unprepared Missouri voters out for an otherwise unexciting election.

**New Missouri Laws Go into Effect** | While most Missouri state laws typically take effect on August 28th of any given year, following the annual 2025 legislative session, some measures that were passed have provisions that become official at the start of the 2026 calendar year.

**Minimum wage increases (HB 567)** : The state's minimum wage will increase from \$13.75 to \$15 per hour. The legislation leading to the increase, however, repeals annual minimum wage increases based on the Consumer Price Index and has previously eliminated sick leave provisions that voters approved in 2024.

**Tax changes (HB 754)** : The state will allow taxpayers to subtract certain types of income from their state taxable income. This includes income from sales or exchanges of "specie" – forms of gold and silver defined under state law – that would otherwise be included in federal adjusted gross income.

Additionally, the state will change how estates and trusts are taxed. Missouri resident estates and irrevocable trusts will no longer be subject to state income tax on income that is not sourced from Missouri.

Together, the changes are intended to reduce state tax liabilities for certain taxpayers.

**Beer and malt fees (HB 1041)** : The state will change how it assesses fees for inspection and gauging on malt liquor, including certain beers.

American-made beer produced by U.S. breweries will be charged at a lower fee of 62 cents per barrel, while imported malt liquor will continue to be charged at \$1.86 per barrel. The changes replace a previous system that applied a \$1.86 per-barrel fee to all beer.

For consumers, the shift could result in modest cost reductions on domestically produced beer.

**Emissions changes (Missouri 10 CSR 10-6.110)** : The state's air emission fee structure will change to a tiered per-ton fee schedule, meaning facilities will pay higher per-ton emissions fees every year, along with a base fee. The total fees will be based on emissions generated from a previous calendar year. The per-ton fee will start at \$58 per ton for emissions generated in the assessed 2025 calendar year and will gradually increase, capping at \$62 per ton by the assessed 2027 calendar year.

While the fees primarily apply to industrial facilities, the changes could mean higher operating costs for some industries and have various impacts on consumer prices.

Education Initiatives (SB 68) : Missouri schools will implement a new statewide “Stop the Bleed” protocol aimed at training school personnel to respond to severe injuries and medical emergencies.

The state will also launch a new teacher-led STEM Career Awareness Program for high school students. The Missouri Department of Elementary and Secondary Education will collect applications for providers to run the program.

Both measures are part of a broader education package passed last year with diversified goals: To ensure school staff can respond effectively in emergencies and to expand hands-on STEM opportunities.

**Upcoming Dates of Interest:**

January 13, 2026 – Governor State of the State Address

January 19, 2026 – MLK Day – NO SESSION

February 27, 2026 – Last Day to File Legislation

March 13 – 22, 2026 – Legislative Spring Break – NO SESSION

April 6, 2026 – Easter Holiday – NO SESSION

May 8, 2026 – Last Day to Pass the FY26 Budget

May 15, 2026 – Last Day of the 2025 Legislative Session

September 16, 2026 - Veto Session