



April 7, 2025

*In order to be responsive to the latest legislative developments, MOCPA continually monitors proposed legislation. We utilize both professional and grassroots lobbyists to ensure the CPA profession has a voice in Jefferson City. By keeping members informed, MOCPA is empowering you to contribute to the legislative process.*

### **Session Update**

Last week, the House proved once again that they can move as quickly or as slowly as they choose. They gave first round approval to nine different pieces of legislation. They amended and gave final approval to all 13 appropriation bills, putting their mark on Governor Kehoe's proposed \$48 billion budget. Keeping up the manic pace, the House sent 20 bills to the Senate. In direct contrast, the Senate was only able to work through one piece of legislation last week.

The Senate will spend the next few weeks making their changes before sending the budget back to the House. The budget is due to Governor Kehoe by the first Friday after the first Monday in May, per the constitution.

There are only six weeks left to conduct legislative business before the constitutional deadline at 6 p.m. on Friday, May 16.

### **Budget Update**

On Monday, the state had \$3.8 billion in general revenue surplus, down from an historic high of \$5.7 billion in 2023. The FY2026 budget anticipates leaving about \$1.9 billion in General Revenue unspent. The House operating budget plan has cut almost \$800 million in general revenue and is \$2.1 billion less than Governor Kehoe's \$54 billion spending plan. This was achieved by removing almost all funds that have remaining unspent (called lapsed) funding, reducing Medicaid expenditures to match enrollment rather than projected enrollment and reducing the recommended state employee pay raise. Additionally, the budget now contains 105 earmarked projects, nine of which were added Monday, totaling over \$170 million.

There are three capital improvement bills that have yet to go through the full committee process, and it is expected the mark-up process for those bills will take place this week.

### **Legislation of Interest**

[Click here](#) to view the complete list of high-priority bills MOCPA is currently tracking. The deadline for filing new bills has passed, but bills are regularly amended. The list

is updated each week to reflect any changes. Be sure to check the list regularly to look for legislation that may be of interest to you or your clients.

A few bills of interest that had activity last week include:

- **Tax Credit—Child Care:** [SB 455](#), which is the Senate companion to [HB 269](#), was passed in the Senate Committee on Emerging Issues and Professional Registration. The bill establishes the Childcare Contribution Tax Credit Act; the Employer Provided Childcare Assistance Tax Credit Act; and the Childcare Providers Tax Credit Act.
- **Tax Credit—Penalties:** [SB 67](#) was passed by the House Special Committee on Tax Reform by a 9-0 vote. The bill clarifies that when all Champion for Children Tax Credits are claimed and apportioned among everyone, the taxpayer has 60 days to pay the taxes that they owe when they get the notice in July, without any penalties or interest. Additionally, the bill clarifies current law that authorizes an income tax deduction for certain income received for the sale or lease of farmland to beginning farmers. MOCPA supports this legislation.
- **Tax Deduction—Capital Gains:** [HB 594](#) authorizes an income tax deduction for 100 percent of all income reported as capital gains for federal income tax purposes; modifies provisions relating to law enforcement sales taxes; authorizes collected transient guest taxes to be used for the operating costs of a community center; authorizes certain counties to impose a transient guest tax; adds cities authorized to impose a sales tax for the purposes of public safety; authorizes a sales tax exemption for retail sales of diapers, feminine hygiene products and incontinence products; and adjusts the “circuit breaker” tax credit annually to account for inflation. After two days and nearly 10 hours of debate, the Senate referred the bill to the Senate Committee on Fiscal Oversight.
- **Tax Elimination—Income:** [HB 798](#) was heard in the Senate Committee on Economic and Workforce Development. This bill implements a flat tax rate of 4.7 percent on all taxable income; removes all tax deduction triggers and existing taxable income brackets; repeals the Missouri Working Family Tax Credit Act; phases out capital gains; modifies tax penalties incurred when a tax credit cap is reached; lowers the corporate income tax rate; and modifies the pregnancy and maternity homes and diaper bank tax credits.

### **For Additional Information**

#### **Attend MOCPA Legislative Session Wrap-up Webinar**

Virtual | May 30 | 10-10:50 a.m.

After Missouri’s 2025 regular legislative session adjourns, learn how bills of interest to CPAs fared, and what outcomes could impact the profession, your business or your clients. Patty Faenger, executive director of the Missouri State Board of Accountancy, will join the conversation to share important info you need to know for renewing your license this year.

[Register here](#) for this 50-minute, complimentary CPE session!

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This *Government Advocacy Update* will continue regularly throughout the legislative session. If you have any questions on our legislative efforts, please visit our [government advocacy web page](#), or contact [Dena Hull](#) at (800) 264-7966, ext. 105.

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