



## Governmental Services Group

This week in Jefferson City, the Governor delivered his first State of the State Address. Tuesday afternoon Governor Kehoe outlined his vision for the state, as well as unveiling his executive budget recommendations.

Education was a heavy component of the speech, where the Governor recommended \$200 million in education spending to get the state closer to its overall goals on state education funding. Many lawmakers criticized this number, which would require by law from a previously passed education reform bill to fund the state education budget at a number closer to \$500 million total.

He also articulated a shift in policy by putting \$50 million into a program that helps students attending private or religious schools. The Governor's recommended budget also proposes spending \$4 billion on the foundation formula, the basic state aid program, in fiscal 2026. Lawmakers put \$3.8 billion into the formula for the current fiscal year, and the Department of Elementary and Secondary Education requested an increase of \$500 million for FY 2026.

Other items of note in Governor Kehoe's address were a pay raise for state workers that rewards longevity. Workers will receive a 1% increase for every two years on the job, capped at 10%, with a projected cost of \$130 million, \$149 million to eliminate wait lists and improve in-home services for people with developmental disabilities, \$71.6 million to provide Medicaid-paid behavioral health services for an additional 2,100 adults and 6,700 children, \$161.5 million to increase child care funding, an amount that will allow the state to make payments based on enrollment, rather than on attendance. Payments would be made in advance and backlogs in payments plaguing the system would be eliminated.

The Governor proposed a state budget that would be the largest in history, \$54 billion, an increase of \$450 million from the previous fiscal year. While this would seem like a positive development, we are still seeing stagnant consensus revenue estimates, and it is an open question if the state can continue the current spending pace with the implementation of tax cuts passed within the past decade.

Still, at the end of last year the general revenue fund held \$4.1 billion, a balance built up when state revenues grew at unprecedented rates in 2021 and 2022 during the post-Covid recovery mixed with federal funding. General revenue holds a \$1.5 billion surplus, and there is an additional \$2.6 billion in funding dedicated to major projects that could be redirected if needed. It really remains to be seen if the economy remains steady and the revenue estimates improve to see what discretion the general assembly will have over the Governor's recommendation.

We will continue to keep you informed of the latest in Jefferson City.

## **Tax Credits for Child Care**

**HB 269** (Shields) Authorizes the "Child Care Contribution Tax Credit Act", the "Employer-Provided Child Care Assistance Tax Credit Act", and the "Child Care Providers Tax Credit"

### **CHILD CARE CONTRIBUTION TAX CREDIT ACT**

This bill establishes the "Child Care Contribution Tax Credit Act". Beginning January 1, 2026, a taxpayer may claim a tax credit for verified contributions to a childcare provider in an amount up to 75% of the contribution. The tax credit issued shall not be less than \$100 and shall not exceed \$200,000 per tax year.

### **EMPLOYER PROVIDED CHILD CARE ASSISTANCE TAX CREDIT ACT**

This bill also establishes the "Employer Provided Child Care Assistance Tax Credit Act". Beginning January 1, 2026, a taxpayer with two or more employees may claim a tax credit in an amount equal to 30% of the qualified childcare expenditures paid or incurred with respect to a childcare facility. The maximum amount of any tax credit issued must not exceed \$200,000 per taxpayer per tax year.

### **CHILD CARE PROVIDERS TAX CREDIT ACT**

This bill also establishes the "Child Care Providers Tax Credit Act". Beginning January 1, 2026, a childcare provider with three or more employees may claim a tax credit in an amount equal to the childcare provider's eligible employer withholding tax, and may also claim a tax credit in an amount up to 30% of the child care provider's capital expenditures.

Those testifying in favor: MO Chamber of Commerce & Industry, Campaign Life MO, Kids Win Missouri, United We, City of Kansas City, Greater KC Chamber of Commerce, Civic Council of Greater KC, City of Raymore, Workforce Youth, Greater St. Louis-Inc, Next Missouri, Northland Economic Development, Platte County, Clay County, NE MO Economic Development, Childcare Assoc. of MO, City of Independence, University Health-KC, BJC Health, Jewish Council of STL, National Assoc of Social Workers, Missouri Hospital Assoc, Aligned, Cox Health, Columbia Chamber of Commerce, Branson Chamber of Commerce, Springfield Chamber of Commerce, MO Catholic Conference, MO Alliance of YMCA's, JE Dunn Construction-KC.

No one testified in opposition.

## **Provisions Relating to Health Care**

**HB 943** (Peters) This bill modifies several provisions relating to health care including:

**AMBULANCE DISTRICT BOARDS OF DIRECTORS** The bill modifies training requirements for members of an ambulance district board of directors.

**AMBULANCE DISTRICT AUDITS** The bill requires each ambulance district to arrange for an audit of the district's records and accounts every three years by a certified public accountant. The audit must be made available to the public on the district's website or otherwise freely available by other electronic means.

**COMMUNITY PARAMEDICS** This bill modifies provisions relating to certification of community paramedics and the provision of community paramedic services.

**STATE ADVISORY COUNCIL ON EMERGENCY MEDICAL SERVICES** The bill modifies the State Advisory Council on Emergency Medical Services by changing the number of council members from 16 to no more than 23 and specifying the members who will serve on the Council.

**AMBULANCE LICENSES** The Department of Health and Seniors Services, as a part of regulating ground ambulance service licenses, will promulgate rules regarding participation with regional emergency medical services advisory committees and ambulance service administrator qualifications.

**SEXUALLY TRANSMITTED INFECTIONS** Currently, a physician may utilize expedited partner therapy, meaning the practice of treating the sex partners of persons with chlamydia or gonorrhea without an intervening medical evaluation or professional prevention counseling, to prescribe and dispense medications for the treatment of chlamydia or gonorrhea even without an established physician/patient relationship.

**LIMITS ON SALE OF OVER-THE-COUNTER DRUGS** Current law prohibits the sale, purchase, or dispensation of ephedrine, phenylpropanolamine, or pseudoephedrine to the same individual in a 12 month period in any total amount greater than 43.2 grams without a valid prescription. This bill changes the total amount to 61.2 grams.

**ADMINISTRATION OF MEDICATIONS** The bill adds licensed long-term care facilities to the definition of "authorized entity" in current law permitting the entities to stock a supply of epinephrine auto-injectors for use in an emergency.

**LONG-TERM CARE FACILITIES** This bill requires referral agencies, individuals or entities that provide referrals to assisted living facilities for fees that are collected from either the prospective resident or the facility, to disclose to prospective residents or their representative documentation of the existence of any relationships between the referral agency and the assisted living facility, as specified in the bill; that the referral agency receives a fee from the assisted living facility for the referral; and written documentation of the agreement between the referral agency and the prospective resident or representative thereof, with requirements to be included for the agreement that are specified in the bill.

**MO HEALTHNET HEARING AIDS** Currently, reimbursable MO HealthNet services include hearing aids for eligible needy children, pregnant women, and blind persons. The bill mandates

MO HealthNet coverage of medically necessary cochlear implants and hearing instruments for all eligible participants.

**PRENATAL TESTS FOR CERTAIN DISEASES** Currently, a physician or other health care provider must draw and test a pregnant woman's blood at or soon after her first prenatal examination, with her consent, for syphilis, hepatitis B, or other similar diseases.

**PRACTICE OF DENTISTRY IN CORRECTIONAL CENTERS** Current law provides that a corporation cannot practice dentistry unless that corporation is a nonprofit corporation or a professional corporation under Missouri law. This bill provides that this provision does not apply to entities contracted with the state to provide care in correctional centers.

**ADMINISTRATION OF CERTAIN VACCINES** Currently, the practice of pharmacy includes the ordering and administering of vaccines, with exceptions.

Testifying in support: Missouri Center for Public Health Excellence, Missouri Ambulance District Assoc, Adair County Ambulance District, Care Management Technologies, Missouri State Medical Assoc, Missouri Pharmacy Assoc, Missouri Foundation for Health, and BJC

No one testified in opposition.

## **MO HealthNet Payments**

**HB 177 (Parker) and HB 469 (Doll)** Currently, MO HealthNet payments made for eligible needy children, pregnant women, and blind persons include hearing aids. This bill authorizes MO HealthNet coverage of hearing aids and cochlear implants for all eligible needy persons.

Testifying in support of the bill: Missouri Speech Language and Hearing Association, SSM Healthcare, Empower Missouri

No one testified in opposition.