

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6511S.03C
 Bill No.: SCS for SJR 111
 Subject: Constitutional Amendments; Counties; Political Subdivisions; Taxation and Revenue - Property
 Type: Original
 Date: March 23, 2026

Bill Summary: This proposal modifies provisions relating to property taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0 or (More than \$9,000,000)*	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)*	\$0	\$0

*The potential fiscal impact of “(More than \$9,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0 or (Unknown, Could be substantial)	\$0 or (Unknown, Could be substantial)

*The potential fiscal impact to local election authorities (reimbursed by the state) would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

FISCAL ANALYSIS

ASSUMPTION

HJR – Relating to Real Property Taxes

In response to similar legislation, HJR 148 (2026), officials from the **Office of Administration - Budget and Planning (B&P)** noted this takes the existing Hancock limit, separates it by subclass, removes the new construction allowance, and applies the rollback requirement to all levies, including those for bonds and debts. As the Blind Pension tax levy is currently not subjected to the existing growth limit, B&P does not anticipate that this updated version would be applied either. B&P does note that it is unclear what counties are supposed to do when they end up with different tax levies for different subclasses of property as no county taxes subclasses at different rates and only St. Louis County and the City of Gladstone (Clay County) tax different classes of property at different rates.

This proposal will not impact:

- TSR
- The calculation under Article X, Section 18(e)
- B&P

Officials from the **Office of the Secretary of the State (SOS)** assume, each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, joint resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a joint resolution to a vote of the people, Section 115.063.2, RSMo., requires the state to pay the costs. The cost of a special election has been estimated to be \$9 million based on the cost of past primary and general election reimbursements.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY27 publication cycle, the SOS estimates publication costs at \$515,000 per ballot measure. This amount is an average and will be subject to change based on the number of petitions received, length of those petitions, and rates charged by newspaper publishers. In a year where many lengthy measures must be published, the Secretary of State's Office may need to budget up to \$10,000,000 to ensure sufficient funding is available to meet its constitutional obligations for the election cycle.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2027. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. Per the SOS, the cost is estimated at \$9 million based on past costs as well as the anticipation of significant increases in future election-related expenses. The next scheduled statewide general election is in November 2026 (FY 2027). It is assumed the subject within this proposal could be on this ballot; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2027.

Oversight notes, currently, taxes imposed on the payments of bonds, indebtedness and contracts are exempt from property tax levy rollbacks. This proposal removes the exemption. Therefore, Oversight assumes there would be a revenue loss to local political subdivisions beginning in FY 2028 (pending voter approval).

Oversight assumes this proposal removes the exclusion of new construction and improvements in levy calculations. Oversight assumes this may decrease the amount of tax revenue local political subdivisions would have received relative to current law. Therefore, Oversight will show an unknown loss to political subdivisions beginning in FY 2028 (pending voter approval).

Officials from the **Eastern Clay Ambulance District** assume a fiscal impact but did not provide any additional information.

Officials from the **County Employees Retirement Fund (CERF)** assume there is insufficient data to quantify SCS/SJR 111's exact impact to the County Employees' Retirement Fund. SCS/SJR 111 may have an unknown, possibly negative, fiscal impact to the County Employees' Retirement Fund. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. The changes in SCS/SJR 111 may reduce the moneys that fund CERF.

In response to similar legislation, HJR 148 (2026), officials from **Boone County SB 40 (Boone County Family Resources)** assumed a reduction in funding from personal property and real property taxes would have profound consequences for individuals with intellectual and developmental disabilities (IDD), limiting access to the essential supports they depend on. County Boards—also known as Senate Bill 40 organizations—such as Boone County Family Resources (BCFR) play a vital role in assessing local needs and cultivating a strong network of high-quality services for more than 2,400 Boone County residents with developmental disabilities and their families.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of the board’s operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

Officials from the **Callaway County SB 40 Board** assume SCS SJR 111 proposes a constitutional amendment modifying Article X, Section 22 of the Missouri Constitution relating to property tax levy limitations and rollback calculations when assessed valuations increase. The resolution requires taxing jurisdictions to reduce levy rates when assessed property values increase in order to maintain similar revenue levels from existing property.

While the proposal does not directly change SB40 levy authority or eliminate the local developmental disabilities tax, the expanded rollback provisions could limit the ability of local jurisdictions to realize revenue growth from increasing property valuations. As a result, future revenue growth for CCSS may be constrained even as community demand for services increases.

Because CCSS relies on local property tax revenues to support employment services, community-based programs, and resources for individuals with intellectual and developmental disabilities and their families, any structural limits on property tax growth could reduce the board’s long-term fiscal capacity.

At this time, the direct fiscal impact to CCSS is unknown but potentially negative over time, depending on future assessed valuation changes and required levy adjustments under the proposed constitutional amendment.

Officials from the **Department of Social Services, Webster County SB 40 Board, Newton County Health Department** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to

publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Transfer Out - SOS</u> Reimbursement of local election authority election costs if a special election is called by the Governor p.4	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In - Local Election Authorities</u> Reimbursement of election costs by the State for a special election p.4	\$0 or More than <u>\$9,000,000</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost - Local Election Authorities</u> Cost of a special election if called for by the Governor p.4	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>
<u>Revenue Loss – Removes the exclusion of new construction and improvements from levy calculations, if approved by voters p.5</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<u>Revenue Loss – Rollback on taxes imposed for payment of bonds, indebtedness and contracts, if approved by voters p.5</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or (Unknown, Could be substantial)</u>	<u>\$0 or (Unknown, Could be substantial)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current constitutional provisions require taxing jurisdictions to reduce property tax levies when the total assessed value of property in the taxing jurisdiction increases by more than the percent increase in inflation, with an exception made for levies imposed for the payment of principal and interest on bonds or other indebtedness. This constitutional amendment, if approved by the voters, removes the exemption for debt service levies.

The amendment also provides that, beginning January 1 following the effective date of the amendment, taxing jurisdictions shall calculate levies for each subclass of real property, and shall reduce the levy for any such class if the assessed valuation for such class increases over the previous year, as provided in the amendment.

Additionally, this amendment requires the value of new construction and improvements to be included in the calculation of total assessed valuation for the purpose of calculating property tax levies. (Section 22)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Social Services
Office of the Secretary of State
County Employees Retirement Fund (CERF)
Boone County SB 40 (Boone County Family Resources)
Callaway County SB 40 Board
Newton County Health Department

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State Tax Commission
Webster County SB 40 Board
Eastern Clay Ambulance District



Julie Morff
Director
March 23, 2026



Jessica Harris
Assistant Director
March 23, 2026