

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3214H.02I
 Bill No.: HJR 125
 Subject: Constitutional Amendments; Department of Conservation; Department of Natural Resources; Political Subdivisions; Taxation and Revenue - Sales and Use; Taxation and Revenue - Property
 Type: Original
 Date: April 16, 2024

Bill Summary: This joint resolution proposes a constitutional amendment changing the membership of the Conservation Commission, the conservation sales and use tax, and the Department of Conservation's property tax exemption.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 or (More than \$8,000,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$8,000,000)	\$0	\$0

*Costs only if the Governor calls a special election.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Conservation Commission Funds*	\$0 or (\$15,980,000)	\$0 or (\$31,960,000)	\$0 or (\$31,960,000)
Division of State Parks Funds (DNR)*	\$0 or \$7,990,000	\$0 or \$15,980,000	\$0 or \$15,980,000
Total Estimated Net Effect on <u>Other State Funds</u>	\$0 or (\$7,990,000)	\$0 or (\$15,980,000)	\$0 or (\$15,980,000)

*Oversight notes the joint resolution diverts 10% of total funds from the conservation sales and use tax to the Department of Natural Resources (Division of State Parks) and 10% to local political subdivisions in which land owned by the MDC is located. Oversight has reflected the impact as "\$0 or" depending upon voter approval.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 or \$7,990,000	\$0 or \$15,980,000	\$0 or \$15,980,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation (MDC)** assume this proposal will have an unknown negative fiscal impact greater than \$250,000.

Oversight notes the joint resolution diverts 10% of total funds from the conservation sales and use tax to the Department of Natural Resources (Division of State Parks) and another 10% to local political subdivisions in which land owned by the MDC is located.

Oversight notes, according to MDC's budget information, the department collected \$159.8 million in conservation sales tax revenue in FY 2023. This would equate to \$15,980,000 being redistributed to the Department of Natural Resources and \$15,980,000 to local political subdivisions. Oversight will reflect a \$0 (voters do not approve of the constitutional amendment) to a \$15,980,000 increase in revenue to Department of Natural Resources and \$15,980,000 to local political subdivisions. Oversight will reflect a \$0 (voters do not approve of the constitutional amendment) to a loss of \$31,960,000 to MDC. If approved, Oversight will assume six months (starting January 1, 2025) of impact in FY 2025.

Officials from the **Department of Natural Resources (DNR)** defer to the Missouri Department of Conservation for the potential fiscal impact of this proposal.

Officials from the **Office of the Governor, Missouri House of Representatives, Missouri Senate, Department of Social Services, State Tax Commission and Joint Committee on Administrative Rules** 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.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight assumes there could be a potential increase to property tax revenue to the Blind Pension Fund and local political subdivisions from Article IV, Section 43(b).2 for property acquired by the commission. However, Oversight assumes this amount would be minimal. Therefore, Oversight will reflect a zero impact in the fiscal note for this provision.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Officials from **Office of the Secretary of 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 the special election has been estimated to be \$8 million based on the cost of the 2022 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 FY25 petitions cycle, the SOS estimates publication costs at \$60,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

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 the 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 2025. 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. The next scheduled statewide general election is in November 2024 (FY 2025). 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 2025.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Transfer Out - SOS - reimbursement of local election authority election costs if a special election is called by the Governor</u>	\$0 or (More than <u>\$8,000,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	\$0 or (More than <u>\$8,000,000</u>)	<u>\$0</u>	<u>\$0</u>
CONSERVATION COMMISSION FUNDS			
<u>Transfer Out – MDC – 20% to DNR and local political subdivisions</u>	\$0 or (<u>\$15,980,000</u>)	\$0 or (<u>\$31,960,000</u>)	\$0 or (<u>\$31,960,000</u>)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS	\$0 or (<u>\$15,980,000</u>)	\$0 or (<u>\$31,960,000</u>)	\$0 or (<u>\$31,960,000</u>)
DIVISION OF STATE PARKS FUNDS (DNR)			
<u>Transfer In – DNR – 10% of conservation sales and use tax proceeds</u>	\$0 or <u>\$7,990,000</u>	\$0 or <u>\$15,980,000</u>	\$0 or <u>\$15,980,000</u>
ESTIMATED NET EFFECT ON DIVISION OF STATE PARKS FUNDS (DNR)	\$0 or <u>\$7,990,000</u>	\$0 or <u>\$15,980,000</u>	\$0 or <u>\$15,980,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (6 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - 10% of conservation sales and use tax proceeds	\$0 or \$7,990,000	\$0 or \$15,980,000	\$0 or \$15,980,000
<u>Transfer In</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$8,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor	\$0 or (More than \$8,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or \$7,990,000	\$0 or \$15,980,000	\$0 or \$15,980,000

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, the Conservation Commission consists of four members appointed by the Governor with not more than two members from the same political party. If approved by the voters, this resolution would allow the number, qualifications, and terms of the Commission members to be set by law, with no more than half of the members from the same political party and each member residing in a different Congressional district, as specified in the bill.

The resolution specifies that if the Governor fails to fill a vacancy on the Commission within 30 days, the remaining members shall fill the vacancy by a majority vote from a list of 10 individuals provided by the General Assembly. The General Assembly will develop the list of individuals as specified in the resolution.

The resolution also would prohibit any member from accepting a gift of any value from anyone who receives or has received compensation from or performs a service for the Commission. If a member receives a gift, the Missouri Ethic Commission must investigate as specified in the bill. If found to have violated the prohibition, the Commission member shall vacate the office. The Ethic Commission must forward its findings to the Attorney General for prosecution.

Anyone who enters into a contract with the Conservation Commission must report, as specified in the resolution, each item, service, or thing of value provided to each member of the Commission or any person related to a Commissioner within the first degree of consanguinity.

The resolution also specifies that beginning on January 1 the year following approval, 10% of revenue derived from the Conservation Sales and Use Tax will go for duties and responsibilities of the Division of State Parks within the Department of Natural Resources and 10% for the duties and responsibilities of local political subdivisions in which land owned by the Department of Conservation is located.

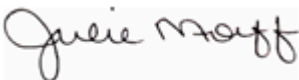
The resolution specifies the manner in which the portion of the revenues to local political subdivisions is to be distributed.

The resolution also requires the Department of Conservation to pay property taxes on real property in the amount not less than that private citizens would be required to pay. The General Assembly must also review any proposed sale or purchase of real property by the Department of Conservation prior to the transaction being final.

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

Missouri Department of Conservation
Department of Natural Resources
Office of the Governor
Missouri House of Representatives
Missouri Senate
Joint Committee on Administrative Rules
Office of the Secretary of State
State Tax Commission
Department of Social Services
City of Kansas City



Julie Morff
Director
April 16, 2024



Ross Strobe
Assistant Director
April 16, 2024