

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0535H.011  
 Bill No.: HJR 43  
 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: February 18, 2025

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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**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 or (More than \$8,000,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$8,000,000)</b>	<b>\$0</b>	<b>\$0</b>

\*Costs only if the Governor calls a special election.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Conservation Commission Funds*	\$0 or (\$17,057,876)	\$0 or (\$34,115,752)	\$0 or Up to (\$7,410,652,787)**
Division of State Parks Funds (DNR)*	\$0 or \$8,528,938	\$0 or \$17,057,876	\$0 or \$17,057,876
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (\$8,528,938)</b>	<b>\$0 or (\$17,057,876)</b>	<b>\$0 or Up to (\$7,393,594,911)</b>

\*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.

\*\* Potential to require MDC to pay an amount equal to the total amount in real property taxes collected within a political subdivision on all privately held properties. Oversight notes receipts

to the Conservation Commission Fund totaled \$283,007,163 in FY 2024. Oversight is uncertain if other funds would be utilized for this payment.  
 Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>\$0 or \$8,528,938</b>	<b>\$0 or \$17,057,876</b>	<b>\$0 or Up to \$7,393,594,911</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Department of Conservation (MDC)** assume this proposal will have an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

**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.

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

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

This proposal is a constitutional amendment that would be voted on at the November 2026 election. If not adopted, then these changes would not be implemented, and this would not have a fiscal impact.

If adopted the following is the estimated impact:

#### Section 40(a) Conservation Commission Membership

This provision modifies the makeup and functioning of the Missouri Conservation Commission. These provisions do not fiscally impact DOR.

#### Section 40(b) Repeal of Conservation Commission old language

This provision does not fiscally impact DOR.

#### Section 43(a) Conservation Commission Sales Tax

Currently the state sales tax collected includes a 0.125% dedicated sales tax for the Conservation Commission. The entire sales tax is provided to the Conservation Commission for their funding. DOR collects and distributes the funding of the state sales tax.

This proposal would, starting on January 1, 2027, change the distribution of the 0.125% sales tax. It states the entire revenue generated from the sales tax is to be expended as follows:

- 10% to the Department of Natural Resource's State Parks Division
- 10% to local political subdivisions where conservation land is located.

Therefore, only the remaining 80% that is collected will be distributed to the Conservation Commission. In FY 2024, the Conservation Commission received \$170,578,762 for the state sales tax. Under this proposal \$17,057,876 would be distributed to DNR's State Parks Division and to the local political subdivisions. The remaining \$136,463,010 would be distributed to the Conservation Commission.

This proposal would require DOR to update their sales tax distribution computer programs at a cost of **\$25,000**.

Section 43(b) & 43(c)

This language will not fiscally impact DOR.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DOR. Oversight will reflect a \$0 (voters do not approve of the constitutional amendment) or \$17,057,876 increase in revenue to Department of Natural Resources and \$17,057,876 to local political subdivisions. Oversight will reflect a \$0 (voters do not approve of the constitutional amendment) or a loss of \$34,115,752 to MDC. If approved, Oversight will assume six months (starting January 1, 2026) of impact in FY 2026.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume the following regarding this proposal:

B&P notes that this proposal requires voter approval at the next general election in November 2026. For the purpose of this fiscal note, B&P assumes that if voter approved this proposal will become effective January 1, 2027.

Article IV, Section 40 – MDC Commission

This provision makes changes to the MDC commission. B&P defers to MDC for any impacts from these provisions.

Article IV, Section 43(a) – MDC Sales Tax

This provision would divert a portion of the 0.125% conservation sales tax. Beginning January 2027, 10% of the tax would be diverted to DNR – State parks and another 10% would be diverted to local subdivisions where MDC owns land.

Monies shall be apportioned to locals based on the number of acres of land owned by MDC within that political subdivision. However, the monies are also to be divided and distributed to each political subdivision based on the proportion of other real property tax revenues. B&P notes that this language appears to conflict as a political subdivision may contain more acres of land owned by MDC but would normally receive a smaller proportion of property tax (perhaps due to a lower tax rate).

B&P assumes that such political subdivision would receive monies in proportion to their property tax rather than the acres of land owned by MDC as the language states that the money shall be “apportioned” based on land, but “distributed” based on property tax.

In FY 2024, MDC received \$170,578,762 in sales tax collections. Therefore, BP estimates that this provision could increase DNR funding by \$17,057,876 and local funding by \$17,057,876, while decreasing MDC funding by \$34,115,752 annually.

Article IV, Section 43(b) – MDC In Lieu of Property Tax

This provision would change the amount of monies paid by MDC in lieu of property tax. This provision also requires general assembly approval prior to any land purchases by MDC.

B&P notes that the language in this proposal changes the in lieu of tax from “...the tax being paid at the time of purchase...” to “...the tax being paid on real property owned by private citizens within such political subdivision as determined by the annual assessment...”.

B&P notes that the term “private citizen” is not defined. It is unclear whether this would only include individuals (residential real property) or could also include businesses (commercial real property).

In addition, this language appears to require MDC to pay an amount equal to the total amount in real property taxes collected within a political subdivision on all privately held properties. B&P notes that MDC owns or has forest cropland in every county.

Based on data published by the State Tax Commission, approximately \$10,230,980,631 in property taxes were paid for tax year 2023. Of that, 52.63% was for residential real property and 19.47% was for commercial property. Therefore, B&P estimates that MDC could be required to pay political subdivisions up to \$5,384,565,106 ( $\$10,230,980,631 \times 52.63\%$  residential real property) or up to \$7,376,537,035 ( $(\$10,230,980,631 \times (52.63\% \text{ residential real property} + 19.47\% \text{ commercial property}))$ ) starting with tax year 2027 (FY 2028). B&P notes that the total MDC budget for FY 2025 is \$214,789,816.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by B&P. Oversight will reflect the costs to MDC from paying political subdivisions for property taxes as \$0 (voters do not approve the resolution) or “Up to...” the amounts provided by B&P in FY 2028 as the language is unclear as to how residential real property is defined.

Officials from the **Attorney General’s Office (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

**Oversight** assumes AGO is provided with core funding to handle a certain amount of activity each year. Oversight assumes AGO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, AGO could request funding through the appropriation process. Officials from the AGO assume the proposal will have no fiscal impact on their organization.

Officials from the **Office of the Governor (GOV)** assume this bill adds to the Governor's current load of appointment duties. Individually, additional requirements should not fiscally impact the Office of the Governor. However, the cumulative impact of additional appointment duties across all enacted legislation may require additional resources for the Office of the Governor.

**Oversight** assumes GOV is provided with core funding to handle a certain amount of activity each year. Oversight assumes GOV could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, GOV could request funding through the appropriation process. Officials from the GOV assume the proposal will have no fiscal impact on their organization.

Officials from the **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 FY26 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 2026. 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 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 2026.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (6 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<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>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$0 or (More than <u>\$8,000,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>CONSERVATION COMMISSION FUNDS</b>			
<u>Transfer Out – MDC – 20% to DNR and local political subdivisions</u>	\$0 or ( <u>\$17,057,876</u> )	\$0 or ( <u>\$34,115,752</u> )	\$0 or ( <u>\$34,115,752</u> )
<u>Transfer Out – MDC –to local political subdivisions for property taxes</u>	<u>\$0</u>	<u>\$0</u>	\$0 or Up to ( <u>\$7,376,537,035</u> )
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS</b>	<b>\$0 or (<u>\$17,057,876</u>)</b>	<b>\$0 or (<u>\$34,115,752</u>)</b>	<b>\$0 or Up to (<u>\$7,410,652,787</u>)</b>
<b>DIVISION OF STATE PARKS FUNDS (DNR)</b>			
<u>Transfer In – DNR – 10% of conservation sales and use tax proceeds</u>	\$0 or <u>\$8,528,938</u>	\$0 or <u>\$17,057,876</u>	\$0 or <u>\$17,057,876</u>
<b>ESTIMATED NET EFFECT ON DIVISION OF STATE PARKS FUNDS (DNR)</b>	<b>\$0 or <u>\$8,528,938</u></b>	<b>\$0 or <u>\$17,057,876</u></b>	<b>\$0 or <u>\$17,057,876</u></b>



<u>FISCAL IMPACT – Local Government</u>	FY 2026 (6 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - 10% of conservation sales and use tax proceeds	\$0 or \$8,528,938	\$0 or \$17,057,876	\$0 or \$17,057,876
<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>Transfer In</u> – from MDC - equal to the total amount in real property taxes collected	\$0	\$0	\$0 or Up to \$7,376,537,035
<u>Costs</u> - Local Election Authorities - cost of a special election <b>if</b> called for by the Governor	\$0 or (More than \$8,000,000)	\$0	\$0
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or \$8,528,938</b>	<b>\$0 or \$17,057,876</b>	<b>\$0 or Up to \$7,393,594,911</b>

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.

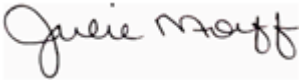
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Missouri Department of Conservation  
Department of Natural Resources  
Office of the Governor  
Department of Revenue  
Missouri House of Representatives  
Missouri Senate  
State Tax Commission  
Joint Committee on Administrative Rules

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Office of the Secretary of State  
Department of Social Services  
City of Kansas City

A handwritten signature in cursive script that reads "Julie Morff".

Julie Morff  
Director  
February 18, 2025

A handwritten signature in cursive script that reads "Jessica Harris".

Jessica Harris  
Assistant Director  
February 18, 2025