

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0580H.011
 Bill No.: HJR 4
 Subject: Taxation and Revenue - General; Constitutional Amendments; Property, Real and Personal; State Tax Commission; Department of Revenue; Housing
 Type: Original
 Date: January 26, 2025

Bill Summary: This resolution proposes a constitutional amendment relating to real property tax assessments.

FISCAL SUMMARY

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

*The potential fiscal impact of “(More than \$8,000,000)” would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

****Oversight** notes the potential savings to the General Revenue Fund is from reduced Senior Property tax credits issued if the proposed changes in the base year result in lower property tax bills for qualifying seniors in the future (pending voter approval). Oversight assumes the potential savings will not reach the \$250,000 threshold in the next three years because the change in the base years will be relatively small until future years.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Blind Pension Fund*	\$0	\$0	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0 or (Unknown)

***Oversight** notes the Blind Pension Fund may experience a decrease in revenue relative to what it would have received under current law (pending voter approval). Oversight assumes the potential savings will not reach the \$250,000 threshold in the next three years because the change in the base years will be relatively small until future years.

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0*	\$0 or (Unknown)	\$0 or (Unknown)

*Transfers and costs net to zero if the Governor calls a special election.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission** have determined that this bill proposes residential real property be valued at the most recent assessed value. This bill also proposes that the increase of real residential property is the Consumer Price Index percentage rate of increase or 2% whichever is less. This proposal has an unknown fiscal impact on the State Tax Commission, however the limitation on assessment growth may negatively impact revenues for school districts, counties, cities, fire districts and other local taxing jurisdictions supported by property tax revenues.

Additionally, restrictions on assessment growth may create disparities and inequities over time among residential properties and categories of homeowners, potentially shifting a greater share of the tax burden from one class of homeowner to another. A newer home's true market value used for assessment may increase far more than an older home or vice versa depending on market conditions. An assessment limit may impact assessment growth and over time potentially create a large disparity.

Officials from the **Department of Revenue (DOR)** note this is a constitutional amendment that would go to a vote of the people in November 2026. If the people do not adopt it, then it will have no fiscal impact. If adopted, it would modify how residential property assessment values will be calculated in the future.

DOR is not directly impacted by this proposal as the County Assessors and State Tax Commission do property tax assessment and collection. However, should seniors that currently receive the Senior Property Tax Credit (PTC) pay less or more in property tax under this proposal, that could change the amount of the PTC credit they receive. In FY 2023, there were 55,626 senior that claimed \$30,436,735 in PTC credits. The impact is unknown.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal will not impact: - TSR - The calculation under Article X, Section 18(e).

Officials from the **City of Kansas City** assume the proposed legislation has a negative fiscal impact of an indeterminate amount.

Officials from the **Callaway County SB 40 Board** assume the proposed legislation has a fiscal impact of an indeterminate amount.

Officials from the **Ferguson Municipal Public Library** assume the proposed legislation would impact Ferguson Municipal Public Library District over the long term, though it is impossible to estimate by how much, as it depends on future assessments. If property values are not allowed to adjust naturally with the market, tax income for library operations will be reduced.

Officials from the **Mid-Continent Public Library** assume limiting the district's ability to capture revenue in excess of 2% when the CPI is higher will cause the district to cut services to the library's patrons to absorb the difference. It is impossible to calculate the lost revenue without knowing the specific inflation levels beyond 2% per fiscal year.

Officials from the **Callaway County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Callaway County Special Services, Callaway County, assess local needs and nurture a strong network of high-quality services that are essential to over 201 people with IDD and their families.

These services, supported by personal property and/or real property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Cole County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Cole County Special Services assess local needs and nurture a strong network of high-quality services that are essential to people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Cooper County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Cooper County Board assess local needs and nurture a strong network of high-quality services that are essential to over 220 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society. The community's tax levy was voted on and approved by tax payers in Cooper County.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Jackson County SB 40 Board** note SB 40 Boards, established under Missouri Senate Bill 40, are county-level entities authorized to levy property taxes to fund services for individuals with developmental disabilities. These boards rely significantly on property tax revenues, which encompass assessments from both real estate and personal property.

Any changes to real property tax assessments will influence the property tax base. Adjustments that lead to reduced assessed valuations will result in decreased property tax revenues.

A decline in property tax revenue will constrain the financial capacity of SB 40 Boards to support essential services for individuals with developmental disabilities. These services include residential assistance, employment programs, and therapeutic services. Reduced funding may hinder the boards' ability to maintain current service levels or expand to meet growing needs.

Officials from the **Pettis County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Pettis County Board of Services for the Developmentally Disabled/MPower assess local needs and nurture a strong network of high-quality services that are essential to over 650 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals

with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Pulaski County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Pulaski County Special Services assess local needs and nurture a strong network of high-quality services that are essential to over 180 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **St Louis City SB 40 Board** assumes a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as St. Louis Office for Developmental Disability Resources assess local needs and nurture a strong network of high-quality services that are essential to over 1500 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a

sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **St. Louis County SB 40 Productive Living Board** assume a reduction in funding from personal property and/or real property taxes would impact critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Productive Living Board assess local needs and nurture a strong network of high-quality services that are essential to over 4,600 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, independent living supports, and other vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Fruitland Area Fire Protection District (FRUI) - Cape Girardeau** assume it is currently unknown what fiscal impact this would have on the district. The district is currently experiencing a growth in construction and population which puts more demands on the district's resources. So far, the grow has not forced the district to raise taxes but the district will have to do so in the foreseeable future if costs continue to rise in order to provide the services that the district's residents expect and deserve as well as being able to retain qualified people to deliver those services.

A constitutional amendment could have a positive effect in the short term; however it could have an adverse effect in a few years and limit funding available to provide emergency services.

Officials from the **Greene County SB 40 Board (Abilities First)** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Abilities First assess local needs and nurture a strong network of high-quality services that are essential to over 2,100 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals

with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Lawrence County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Lawrence County Board for the Developmentally Disabled assess local needs and nurture a strong network of high-quality services that are essential to over 250 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Ray County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical support for those who rely on them. Senate Bill 40 organizations such as Ray County board of Services for the Developmentally Disabled assess local needs and nurture a strong network of high-quality services that are essential to people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a

sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **St. Genevieve County SB 40 Board** assume a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as the Ste. Genevieve County SB-40 Board assess local needs and nurture a strong network of high-quality services that are essential to over 100 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

The broader implications for individuals, families, and the community must be carefully considered before any changes to the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Boone County SB 40 (Boone County Family Resources)** assume a reduction in funding from personal property and/or real property taxes would have significant negative consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Boone County Family Resources assess local needs and nurture a strong network of high-quality services essential to over 2,300 people with IDD and their families.

These services, supported by personal property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society. Fiscally, the services and interventions provided on a county level can and do prevent the need for more expensive services and they help keep families together.

The board notes the need to consider the broader implications for individuals, families, and the community before changing funding mechanisms. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Webster County SB 40 Board** assume a reduction in funding personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as WC Partners assess local needs and nurture a strong network of high-quality services that are essential to over 250 people with IDD and their families in Webster County.

These services, supported by personal property and/or real property taxes, include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich and strengthen the overall fabric of the community, fostering a more equitable and inclusive community.

The broader implications for individuals, families, and the community must be carefully considered before any changes the funding mechanisms are implemented. If reductions in personal property and/or real property taxes are pursued, it is imperative to establish a sustainable and equitable mechanism to replace this funding. Doing so will ensure that Senate Bill 40 organizations can continue fulfilling their critical mission of supporting individuals with IDD and their families, while preserving the broader community benefits these services provide.

Officials from the **Cape Girardeau County Assessor** note the proposed HJR 4 amendment to Section 4 (b) of Article X of the Constitution of Missouri would designate the assessors value of residential properties, in active use as the homeowner's primary residence, on the books as of 1/1/2027 as the true value of the property. This amendment would also limit the re-assessment of such properties to not exceed the change in the Consumer Price Index (CPI) or a 2% annual increase (4% cumulative of a two-year re-assessment cycle) whichever is less. Only modification to this re-assessment stipulation is new construction or improvements made to a property.

The county's office has conducted a review of the values over the past 3 years, including a County-wide re-assessment that was performed in 2023 tax year to bring values closer to true market value and to maintain compliance with the State Tax Commission (STC). During the review it was found the highest increase in assessment was during 2023 due to the county-wide reassessment of 8.5% with residential values only rising on average 7.68%. Average year to year increase in assessment falls between 2.7% and 3.15%. However, these increase in assessment do not translate to increases or reductions in tax dollars. In 2023, during the county-wide reassessment only an average 5.43% increase in tax dollars was collected, much lower than the 8.5% increase in assessment. During the even years of this study period when assessment value increases were much lower, tax dollars collected were down 0.5-1%. This slight reduction is due in part to adjustment of levies by the political subdivisions to maintain a healthy growth in their revenue during the odd years when no re-assessment is conducted, other than additions of new construction, in compliance with State Statute. It was found the average tax rate adjusted annually +0.002 -0.0032. The Hancock amendment was adopted to cap the amount of revenue that could be gained through a reassessment process. If political subdivisions such as schools

were required to follow this and roll back levies once the threshold for increased revenue was reached, minimal impact due to reassessment would be felt by the taxpayer.

This study reviewed a reduction, or cap, of the assessed values in the reassessment process would result in an annual \$2,000,000 to \$3,000,000 reduction in revenue to the political subdivisions within the county. The impact of this amendment across the political subdivisions in the State of Missouri, could result in a statewide reduction in revenue of tens of millions, or more.

Officials from the **County Employees' Retirement Fund (CERF)** indicate that this proposal may result in reductions in contribution revenue to CERF of an unknown amount annually. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. Data is not available to quantify how changes to real property assessments under HJR 4 would impact contribution revenue but CERF assumes there would be a negative impact.

Officials from the **Department of Social Services, Audrain County Health Department, Newton County Health Department, Phelps County Sheriff, Kansas City Police Dept., St. Louis County Police Dept, Branson Police Dept,** and the **Office of the State Auditor** 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 **Office of the Secretary of State** 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.

Oversight assumes this proposal would limit increases in the assessed values of individual residential property to the change in CPI per year (estimated at [3.4%](#) for 2023) or 2% whichever is lower.

Oversight notes property tax revenues are designed to be revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, this proposal may result in a higher tax rate relative to current law thus distributing more of the tax burden to other property owners.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law) rather it would result in a loss of revenue.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property $((\text{Total Assessed Value}/100)*.03)$. Because this proposal reduces (or limits growth) the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law.

Oversight assumes the magnitude of the impact to the Blind Pension Fund would depend on prevailing market conditions.

Oversight assumes there could be a saving to General Revenue from a reduction the amount of Senior Citizen Property Tax Credits claimed. Oversight will show a range of impact of \$0 (no reduction) to an unknown savings.

Oversight notes this proposal is contingent on a voter approved amendment to the Constitution. Oversight will show the impact as either \$0 (Constitutional amendment is not approved by voters) to an unknown loss in revenue to the Blind Pension Fund and local political subdivisions beginning in FY 2028.

Oversight assumes there could be costs for implementation and computer programming. Oversight will show an unknown cost to county assessors to implement this proposal beginning in FY 2027.

Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<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 \$8,000,000)	\$0	\$0
<u>Cost Avoidance – possible reduction in the amount of Senior Property Tax Credit claims</u>	\$0	\$0	\$0 or Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (More than \$8,000,000)</u>	<u>\$0</u>	<u>\$0 or Unknown</u>
BLIND PENSION FUND			
<u>Revenue Loss - loss of property tax on property that appreciates more than the change in CPI or 2%</u>	\$0	\$0	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<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
<u>Costs</u> - County Assessors - computer programing, administrative costs, and implementation and monitoring of assessed value increase exemptions on certain properties	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss</u> - loss of property tax on property that appreciates more than the change in CPI or 2%	<u>\$0</u>	<u>\$0</u>	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

Oversight assumes there could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

FISCAL DESCRIPTION

Upon voter approval, beginning January 1, 2027, this proposed Constitutional amendment provides that the true value of all residential real property that has been maintained by the homeowner as his or her primary residence will be deemed to be the same value determined at the most recent previous assessment of the property.

In a new assessment or reassessment of the primary residence the assessed valuation of such property may be increased, provided that the increase does not exceed the change in the

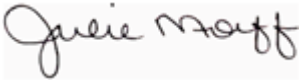
Consumer Price Index or 2%, whichever is less. The limited increase may be exceeded to reflect the value added to the property as a result of new construction or improvements.

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

State Tax Commission
Department of Revenue
Office of Administration - Budget and Planning
Department of Social Services
Office of the State Auditor
Office of the Secretary of State
County Employees' Retirement Fund (CERF)
City of Kansas City
Callaway County SB 40 Board
Ferguson Municipal Public Library
Mid-Continent Public Library
Audrain County Health Department
Newton County Health Department
Phelps County Sheriff
Kansas City Police Dept.
St. Louis County Police Dept
Branson Police Dept
Cole County SB 40 Board
Cooper County SB 40 Board
Jackson County SB 40 Board
Pettis County SB 40 Board
Pulaski County SB 40 Board
St. Louis City SB 40 Board
St. Louis County SB 40 Productive Living Board
Fruitland Area Fire Protection District (FRUI) - Cape Girardeau
Greene County SB 40 Board (Abilities First)
Lawrence County SB 40 Board
Ray County SB 40 Board
St. Genevieve County SB 40 Board
Boone County SB 40 Board (Boone County Family Resources)
Webster County SB 40 Board
Cape Girardeau County Assessor

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Julie Morff
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January 26, 2025



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