

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0873H.011  
 Bill No.: HJR 7  
 Subject: Gambling; Veterans; Education, Elementary and Secondary; Constitutional Amendments  
 Type: Original  
 Date: February 5, 2025

Bill Summary: This joint resolution proposes a constitutional amendment dividing state revenues from gaming activities between public institutions of elementary, secondary, and higher education and the administration of the Missouri Veterans Commission.

**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>

\*Election costs would be realized **only** if a special election were called by the Governor.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Gaming Proceeds for Education Fund*	\$0	\$0	\$0 or (\$36,000,000)
Veterans Trust Fund*	\$0	\$0	\$0 or \$36,000,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Re-distribution of gaming proceeds between funds nets to \$0  
 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 FTE</b>	<b>0 FTE</b>	<b>0 FTE</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</b>	<b>\$0</b>	<b>\$0</b>

\*Transfer-in and reimbursement of election costs net to \$0 and only occur if a special election is called by the Governor.

## FISCAL ANALYSIS

### ASSUMPTION

#### HJR – Provisions relating to dividing state gaming revenues between education and the Veterans Commission

Officials from the **Department of Elementary and Secondary Education (DESE)** state changes in section 39(d)1. (2) would negatively impact the funds transferred to DESE's Classroom Trust Fund (0784). The Classroom Trust Fund funds a portion of the Foundation Formula. This loss of funds through the Gaming Proceeds for Education Fund (0285) would require a General Revenue switch to fund the appropriate amount of foundation formula funds to the local education agencies. In addition, the School District Bond Fund (0248) could be negatively impacted as there is a transfer appropriation from the Gaming Proceeds Fund to support those expenditures.

Splitting the current revenues received through the Gaming Proceeds for Education Fund would result in an additional \$45,749,200 needed to fully fund the foundation formula at the current level of appropriation and the transfer to the School District Bond Fund.

**Oversight** will present the potential fiscal impact of this proposal on the Classroom Trust Fund and the Veterans Commission Fund using estimates provided by the Missouri Gaming Commission.

Officials from the **Office of Administration - Budget and Planning (B&P)** state that this resolution would modify the constitution to provide a 90/10 split between DESE and Missouri Veterans Commission (MVC) beginning in Fiscal Year 2027. This resolution would likely require a new dedicated MVC fund for this purpose. This fund would receive approximately \$32.7M - \$36.4M per year based on current revenues.

**Oversight** will present the potential fiscal impact of this proposal on the Classroom Trust Fund and the Veterans Commission Fund using estimates provided by the Missouri Gaming Commission.

Officials from the **Department of Revenue (DOR)** state proposal would be voted on by the people at the November 2026 general election. If the proposal is not adopted, this will not have a fiscal impact. If adopted by the people, this would change the distribution of the gaming tax funds. The constitution currently requires that all state revenue derived from gaming activities be distributed to public institutions of elementary, secondary and higher education. This proposal seeks to change the distribution of the "state revenue".

DOR notes that the gaming activities that currently generate revenue are from the gaming taxes and admission fees. Additionally, money that is collected and distributed to the home dock (city

or county) where the gaming boat is located is not considered state revenue and therefore DOR assumes the home dock money is not impacted by this proposal.

Currently, the gaming taxes are distributed to the public institutions of elementary, secondary and higher education. This proposal would change the distribution to 90% for those institutions and 10% to the Missouri Veterans Commission effective July 1, 2027.

Currently, the \$2.00 per person admission fee collected for each person entering a casino is distributed 50% to the Gaming Commission and 50% to the home dock. In FY 2024, \$56,460,282 was collected in admission fees. Therefore, the Gaming Commission and the home docks each received \$28,230,141.

For fiscal note purposes, DOR will assume the same number of admissions in the future as in FY 2024. Under this new proposal the Gaming Commission would receive \$0 funds, the home docks would still receive their \$28,230,141, the schools would receive \$25,407,127 and the MO Veterans Commission would receive \$2,823,014. This would result in a loss to the Gaming Commission, and a gain for the schools and the veteran funds.

Currently, the gaming boats pay a tax of 21% on the adjusted gross receipts they receive from gambling games. The home dock receives 10% of the gaming tax while the remaining funds are deposited into the Gaming Proceeds for Education Fund which distributes the money to the schools. In FY 2024, they collected \$397,177,809 of which \$39,717,781 went to the home docks while \$357,460,028 was deposited for the schools.

For fiscal note purposes, DOR will assume the same amount of gaming tax is collected in the future as in FY 2024. Therefore, the home docks get their same \$39,717,781, while the schools will get \$357,460,028 and the veterans get \$35,746,003. This will result in a gain for the veterans and a loss of the schools of \$35,746,003.

These changes will require DOR update their computer programs and distribution systems. These are estimated to cost \$1,832.

**Oversight** notes the DOR requests one-time cost for computer system changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine computer system updates and will not show those costs in the fiscal note.

Officials from the **Missouri Veterans Commission (MVC)** defer to the Missouri Gaming Commission for a response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Gaming Commission (MGC)** state the resolution does not have a fiscal impact on the MGC. However, the resolution does impact gaming in that it reapportions the gaming tax revenues received by the state.

The Missouri Veterans Commission will receive a substantial increase in revenues. The joint resolution proposes a constitutional amendment to change the apportionment in gaming tax revenue beginning July 1, 2027. The proposed amendment will direct ten percent (10%) of gaming taxes to the Missouri Veterans Commission. In FY 2028 through FY 2030, it is estimated that 10% of the Missouri gaming tax revenue would be \$36,000,000.00. Because the gaming tax has remained relatively static in the last few years, MGC anticipates relatively constant figures in the years to come.

The joint resolution proposes that beginning in July 2027, education would share in the gaming tax revenues with the Missouri Veterans Commission. The education apportionment of the tax revenues in FY 2028 to FY 2030 would be \$324,000,000.00. This number is less than the \$36,000,000.00 that would be going to the Missouri Veterans Commission. While these numbers are 10% less than the Missouri gaming tax revenue previously received, the numbers going to education continue to be substantial. Because the gaming tax has remained relatively static in the last few years, MGC anticipates relatively constant figures in the years to come, but notes that should gaming revenues increase, MGC would expect both apportionments to the Missouri Veterans Commission and the Gaming Proceeds for Education Fund to increase accordingly.

MGC states in determining the impact of the joint resolution on Missouri Veterans and Missouri public institutions of elementary, secondary and higher education (Gaming Proceeds for Education Fund), MGC applied the gaming tax of 21% to the anticipated gaming revenues in the State of Missouri, as provided in Mo. Rev. Stat. § 313.822.

The proposed joint resolution has identified a start date of July 2027 for the reapportionment of the gaming taxes, which is the start of FY 2028. The attached spreadsheet, however, provides numbers for FY 2025 through FY 2030. The numbers for FY 2025 through FY 2027 are provided to give context for the following years of FY 2028 through FY 2030.

<b>Gaming Tax</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>
Estimated Tax for State of Missouri (minus home dock amount)	\$360,000,000	\$360,000,000	\$360,000,000	\$360,000,000	\$360,000,000	\$360,000,000
Proceeds for Education (90% of Total Est Tax)	NA	\$324,000,000	\$324,000,000	\$324,000,000	\$324,000,000	\$324,000,000
Proceeds for Veterans (10% of Total Est Tax)	NA	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000

Note: Pursuant to Section 313.822, RSMo., Missouri's 13 casinos pay a Gaming Tax of 21% on their Adjusted Gross Revenue (wagers made-winnings paid). 10% of taxes collected is paid to the home dock city or county where each casino is located (this amount is not included above).

With HJR 7, the remaining 90% is paid to the State of Missouri. 90% of that portion is to be paid to the Gaming Proceeds for Education Fund. 10% of that portion is to be paid to the Missouri Veterans Commission. The Gaming Tax has remained relatively constant for the past few years, and the MGC expects that trend to continue.

In estimating gaming revenues under section 313.822, RSMo, MGC estimates that revenues will remain static for the next several years.

The above-stated numbers have already been reduced by the ten percent (10%) paid to home dock cities and counties pursuant to section 313.822, RSMo.

**Oversight** will present the fiscal impact of this proposal as provided by MGC. Oversight notes the provisions of this proposed constitutional amendment will not become effective until July 1, 2027 (FY2028) if passed by the vote of the people. Therefore, the fiscal impact presented will be a loss of \$0 or \$36,000,000 for FY2028 to the Proceeds for Education Fund and a corresponding positive impact to the Veterans Trust Fund of \$0 or \$36,000,000 for FY2028. The net impact on State Funds will be \$0. It should be noted that impacts are ranged from \$0 to... as the impacts are dependent on passage of the resolution. If the resolution is not passed by a vote of the people, there will be no fiscal impact in years following FY2026 and the impact in FY2026 depends on whether the Governor calls a special election.

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.

Officials from the **Department of Higher Education and Workforce Development**, the **Office of the Governor**, the **Missouri Lottery Commission**, the **Jackson County Board of Election Commissioners**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, and the **St. Louis County Board of Elections** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE FUND</b>			
<u>Transfer-out - SOS - reimbursement of local election authority election costs</u> <b>If a special election is called by the Governor p.6-7</b>	\$0 or (More than <u>\$8,000,000</u> )	\$0	\$0
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 or (More than \$8,000,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GAMING PROCEEDS FOR EDUCATION FUND (0285)</b>			
<u>Loss</u> – Reduction in Gaming proceeds received p. 5-6	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$36,000,000)</u>
<b>ESTIMATED NET EFFECT ON THE GAMING PROCEEDS FOR EDUCATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (\$36,000,000)</u></b>
<b>VETERANS TRUST FUND (0579)</b>			
<u>Income</u> – Increase in gaming proceeds received p.5-6	<u>\$0</u>	<u>\$0</u>	<u>\$0 or \$36,000,000</u>
<b>ESTIMATED NET EFFECT ON THE VETERANS COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or \$36,000,000</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<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 <b>if</b> called for by the Governor	\$0 or (More than \$8,000,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>



FISCAL IMPACT – Small Business

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

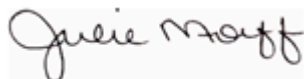
FISCAL DESCRIPTION

Upon voter approval, this proposed Constitutional amendment changes the allocation of state revenues derived from the conduct of all gaming activities from solely for the public institutions of elementary, secondary, and higher education to now 90% appropriated for the public institutions of elementary, secondary, and higher education and 10% to the administration of the Missouri Veterans Commission. This allocation of appropriation has an effective date of July 1, 2027.

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 Elementary and Secondary Education  
Department of Higher Education and Workforce Development  
Department of Revenue  
Missouri Gaming Commission  
Missouri Veterans Commission  
Office of the Secretary of State  
Jackson County Board of Election Commissioners  
Platte County Board of Elections  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
Missouri Lottery Commission



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