

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2927H.04I
Bill No.: HJR 94
Subject: Constitutional Amendments; Department of Conservation; Taxation and Revenue
- Sales and Use
Type: Original
Date: March 24, 2025

Bill Summary: This resolution proposes a constitutional amendment providing for the reauthorization or expiration of the conservation sales and use tax.

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	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$8,000,000)	\$0	\$0

*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.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Conservation Commission Fund (0609)	\$0	\$0 or (\$35,537,242)*	\$0 or (\$85,289,381)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (\$35,537,242)*	\$0 or (\$85,289,381)

*The potential fiscal impact for FY 2027 is lesser because FY 2027 is a partial year (5 months).
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	\$0

*Potential costs and state reimbursements net to zero in FY 2026 if a special election is called.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** note this proposal is a constitutional amendment that would be voted on at the November 2026 election. If it fails to be 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 43(a) Conservation Commission Sales Tax

Currently the state sales tax collected includes a 0.125% dedicated sales tax for the Conservation Commission. This sales tax is provided to the Conservation Commission for their funding; however, DOR collects and distributes the funding.

This proposal would begin on January 1, 2027, and would modify the sales and use tax rate from 0.125% to 0.0625%. In FY 2024, the Conservation Commission received \$170,578,762 for the state sales tax. The reduction of the rate would result in a loss to the Conservation Commission of \$85,289,381. DOR notes that sales tax is remitted one month behind collection. Assuming the new rate would begin January 1st, DOR would expect only 5 months impact in FY 2027.

Fiscal Year	Conservation Commission
2027	\$0 or (\$35,537,242)
2028	\$0 or (\$85,289,381)

This proposal would require DOR to update the new rate in the department's sales and use tax distribution computer programs at a cost of \$7,327. It would also require DOR to update its forms at a cost of \$2,200.

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

Section 43(c)

DOR notes this proposal would require the resubmission of the Conservation sales and use tax rate to the voters every six years for approval. Should the extension of the rate fail to be adopted, this would require, DOR to update the department's computer program, its forms and website as well as notify all the department's vendors of the termination of the tax. The tax would continue for one year after the vote. If the extension of the tax is to be stopped, DOR would submit proposed costs for the notifications and updates during the appropriation process. At this time, this provision is not expected to impact DOR.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal requires voter approval at the November 2026 general election. B&P will assume that if voter approved, this proposal would begin January 1, 2027.

Section 43(a) would no longer allow MDC to purchase lands using their sales and use tax revenue. Sections 43(a)(1) and 43(a)(2) would lower the MDC sales and use tax rates from 0.125% to 0.0625%. Section 43(c) requires voters to reauthorize the MDC sales and use taxes every six years.

In FY 2024, the MDC sales and use tax generated \$170,578,762 in revenue at a tax rate of 0.125%. Had the tax rate been 0.0625%, revenues would have been \$85,289,381. Therefore, B&P estimates that this proposal could reduce revenues to the MDC by \$85,289,381 annually.

B&P notes that sales taxes are distributed one month behind, therefore, the loss in FY27 would be \$35,537,242. Beginning in FY28, this proposal may reduce MDC revenues by \$85,289,381 annually.

Responses regarding the proposed legislation as a whole

Officials from the **Missouri Department of Conservation** assume 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.

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

Officials from the **Office of the Secretary of State** assume the proposal will have no fiscal impact on their organization.

In response to similar resolutions, officials from **Office of the Secretary of State** assumed, 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	FY 2027 (5 Mo.)	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
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (More than \$8,000,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026	FY 2027 (5 Mo.)	FY 2028
CONSERVATION COMMISSION FUND			
<u>Potential Revenue Reduction</u> - Sales tax rate reduction, if approved by voters	<u>\$0</u>	<u>\$0 or (\$35,537,242)</u>	<u>\$0 or (\$85,289,381)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>\$0</u>	<u>\$0 or (\$35,537,242)</u>	<u>\$0 or (\$85,289,381)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026	FY 2027 (5 Mo.)	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)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

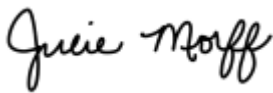
Upon voter approval, this constitutional amendment reduces the conservation sales and use tax from .125% to .0625% and requires the tax to be approved by voters in 2026, 2032, and then every six years thereafter. If a majority of the voters fail to approve the continuance of the tax, the tax will terminate at the end of the second fiscal year after the last election was held.

The amendment also repeals the Commission and Department of Conservation's ability to use the funds generated through the tax for the purchase or acquisition of property.

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

Department of Revenue
Office of Administration - Budget and Planning
Department of Natural Resources
Missouri Department of Conservation
Office of the Secretary of State



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March 24, 2025



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March 24, 2025