

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4301H.01I  
Bill No.: HJR 132  
Subject: Constitutional Amendments; Property, Real and Personal; Taxation and Revenue -  
Property  
Type: Original  
Date: January 14, 2026

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Bill Summary: This proposal proposes a constitutional amendment that exempts buildings under construction from property taxation.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0 or (More than \$9,000,000)*	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (More than \$9,000,000)*</b>	<b>\$0</b>	<b>\$0</b>

\*The potential fiscal impact of “(More than \$9,000,000)” 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 2027	FY 2028	FY 2029
Blind Pension Fund (1621)	\$0	\$0 or (Unknown)*	\$0 or (Unknown)*
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or (Unknown)*</b>	<b>\$0 or (Unknown)*</b>

\*Oversight assumes the fiscal impact to the BPF could be significant (pending voter approval).  
Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0*</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*The potential fiscal impact to local election authorities (reimbursed by the state) would be realized only if a special election were called by the Governor to submit this joint resolution to voters.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of the 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 a special election has been estimated to be \$9 million based on the cost of past 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 FY27 publication cycle, the SOS estimates publication costs at \$515,000 per ballot measure. This amount is an average and will be subject to change based on the number of petitions received, length of those petitions, and rates charged by newspaper publishers. In a year where many lengthy measures must be published, the Secretary of State's Office may need to budget up to \$10,000,000 to ensure sufficient funding is available to meet its constitutional obligations for the election cycle.

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 their 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 2027. 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. Per the SOS, the cost is estimated at

\$9 million based on past costs as well as the anticipation of significant increases in future election-related expenses. 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 2027.

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 assumes that if voter approved it would not become effective until January 1, 2027 (i.e. tax year 2027).

This proposal would prohibit property taxes on real property while that property is under construction or significant renovation and cannot be occupied. B&P notes that some counties already choose to not add residential real property to their tax rolls until that property has been occupied (Section 137.082). However, not all counties have opted in to Section 137.082. In addition, commercial real property is typically taxed as construction progresses.

B&P is unable to determine how much property would become exempt from taxation under this proposal. B&P notes that the Blind Pension Trust Fund levies a statewide property tax of \$0.03 per \$100 value. Therefore, B&P estimates that this proposal could have a negative, unknown, impact on the Blind Pension Fund and local revenues beginning FY28 (for tax year 2027).

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

Officials from the **Kansas City Elections Board** assume if this bill results in a special election, the cost to conduct a City-wide election could be up to \$900,000 depending on what entities participate. A November election is an even numbered year, would cost around \$300,000.

Officials from the **Iberia Rural Fire Protection District (IBER) – Miller** note Fire Departments/Districts still protect those structures.

Officials from the **Osage County SB 40 Board** note a reduction in funding from personal or real property taxes would have serious and far-reaching consequences for individuals with intellectual and developmental disabilities (IDD) and the families who support them. Senate Bill 40 organizations, including Osage County Special Services, rely on this funding to identify local needs and provide a strong, coordinated network of high-quality supports. More than 200 individuals with IDD in the community depend on these services every day.

Officials from the **Department of Social Services, State Tax Commission, Platte County Board of Elections, St. Louis City Board of Elections, St. Louis County Board of Elections, Newton County Health Department, Phelps County Sherriff, Kansas City Police Department, and the St. Louis County Police Department** 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. **Oversight** assumes this proposal exempts certain properties from real property tax. Oversight assumes this proposal could lower assessed values and subsequently, tax revenues.

However, Oversight notes local property tax revenues are designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. However, 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 does not have enough information to estimate a fiscal impact to the Blind Pension Fund or to local political subdivisions from these changes. Therefore, Oversight will show an unknown loss in property tax revenue beginning in FY 2028.

Oversight notes to reach a revenue impact of \$250,000 in the Blind Pension Fund would require a change in assessed value of approximately \$830,000,000. This would be approximately a 1.0% change in the assessed value of all residential property.

Oversight notes this proposal is contingent on a voter approved amendment to the Constitution. Oversight is unable to determine how much property would become exempt from taxation under this proposal. Therefore, Oversight will show the impact as either \$0 (constitutional amendment is not approved by voters) or an unknown loss of revenue to the Blind Pension Fund and local political subdivisions beginning in FY 2028.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</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>\$9,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (More than <u>\$9,000,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>BLIND PENSION FUND</b>			
<u>Potential Revenue Loss - Real property tax exemption for property under construction, if approved by voters/not already exempt by certain localities</u>	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In - Local Election Authorities - Reimbursement of election costs by the State for a special election</u>	\$0 or More than \$9,000,000	\$0	\$0
<u>Costs - Local Election Authorities - Cost of a special election if called for by the Governor</u>	\$0 or (More than \$9,000,000)	\$0	\$0
<u>Potential Revenue Loss - Real property tax exemption for property under construction, if approved by voters/not already exempt by certain localities</u>	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

FISCAL IMPACT – Small Business

There could be a fiscal impact on small businesses if tax rates/taxes are adjusted relative to changes in assessed values (pending voter approval).

FISCAL DESCRIPTION

Upon voter approval, this constitutional amendment exempts buildings and other similar structures that are considered under construction from property taxation. The term “Under construction” is defined in the amendment.

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  
Office of the Secretary of State  
City of Kansas City  
Kansas City Elections Board  
Iberia Rural Fire Protection District (IBER) – Miller  
Osage County SB 40 Board  
Department of Social Services  
State Tax Commission  
Platte County Board of Elections  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
Newton County Health Department  
Phelps County Sherriff  
Kansas City Police Department  
St. Louis County Police Department



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