

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4415H.011
 Bill No.: HJR 148
 Subject: Constitutional Amendments; Taxation and Revenue - Property; Kansas City;
 Counties; Political Subdivisions
 Type: Original
 Date: February 1, 2026

Bill Summary: This proposal proposes a constitutional amendment modifying provisions relating to taxation of real property.

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
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)*	\$0	\$0

*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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0*	\$0 or (Could exceed <u>\$138,693,256</u>)	\$0 or (Could exceed <u>\$138,693,256</u>)

*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

HJR – Relating to Real Property Taxes

Officials from the **Office of Administration - Budget and Planning (B&P)** note this takes the existing Hancock limit, separates it by subclass, removes the new construction allowance, and applies the rollback requirement to all levies, including those for bonds and debts. As the Blind Pension tax levy is currently not subjected to the existing growth limit, B&P does not anticipate that this updated version would be applied either. B&P does note that it is unclear what counties are supposed to do when they end up with different tax levies for different subclasses of property as no county taxes subclasses at different rates and only St. Louis County and the City of Gladstone (Clay County) tax different classes of property at different rates.

This proposal will not impact:

- TSR
- The calculation under Article X, Section 18(e)
- B&P

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.

Oversight notes from information published by the KCPS, on April 7, 1998, the Missouri Constitution Article X, Section 11(g) was adopted permitting the school board of any district whose 1995 operating levy was established by a federal court, to establish a levy that is lower than the court-ordered approved levy. The KCPS court-ordered levy was \$4.96. Starting FY1999 and as part of desegregation resolution to continue to support the district's operations, KCPS levy was set at \$4.9599. KCPS tax levy has been \$4.9599 for the past 25 years. This amount has been used to fund all operating, capital projects and debt service payments.

Officials from the **Kansas City Public Schools (KCPS)** note for the 2027 tax year, the impact of HJR 148 is unknown because it depends on information relating to 2026 property tax revenue that is not yet available. For 2028 tax years and all years thereafter, the operating tax rate for KCPS would be set under Article X Section 22, which is a tax rate of 2.2440 and results in an estimated revenue loss, based on 2024 assessed valuation, of \$138,693,256, which is an approximately 48% decrease in revenue. All charter schools in the KCPS district receive state funding based on KCPS's local revenue (property taxes) and would also experience a 48% reduction in revenue for 2028 and beyond. A 48% revenue loss would be catastrophic. KCPS would not have sufficient funds to operate.

Oversight notes upon voter approval, this proposed Constitutional amendment would remove the Kansas City Public Schools exemption. Oversight notes the KCPS estimated impact is based off the 2024 assessed valuation. Beginning January 1, 2028, the operating levy of the Kansas City Public School District shall be set to the rate at which the school district would receive:

- (1) The same amount of property tax revenue that it received in the 2026 tax year; and
- (2) An additional percentage of property tax revenue that is to be calculated by multiplying the amount of the revenue received in the 2026 tax year by the percentage increase in the Consumer Price Index over the 12 month period from December 2025 to November 2026.

Beginning January 1, 2028, the operating levy of the Kansas City Public School District will be set as provided in Article X of the Missouri Constitution and all applicable statutes governing property taxes and school district operating levies.

Therefore, Oversight will reflect a \$0 (not approved by voters) or more or less than KCPS's estimated impact in the fiscal note.

In response to similar legislation, HJR 116 (2024), per KCPS, the below table shows the assessed valuation history:

Fiscal Year	2021-22	2022-23	2023-24	\$ Change	% Change
Total Real Property	3,266,835,874	3,286,668,983	4,358,330,796	1,071,661,813	32.61%
Personal Property	739,566,465	877,387,223	888,028,850	10,641,627	1.21%
Total Assessed Valuation	4,006,402,339	4,164,056,206	5,246,359,646	1,082,303,440	25.99%

Oversight assumes the collection rate is projected to decrease if this joint resolution is passed.

Oversight assumes 22(1) removes the allowance for new construction and improvements in levy calculations. Oversight assumes this may decrease the amount of tax revenue local political subdivisions would have received relative to current law. Therefore, Oversight will show an unknown loss to political subdivisions beginning in FY 2028 (pending voter approval).

Oversight assumes Section 22(2) imposes a mandatory rollback tied to assessed value growth. Oversight assumes this may decrease the amount of tax revenue local political subdivisions would have received relative to current law. Therefore, Oversight will show an unknown loss to political subdivisions beginning in FY 2028 (pending voter approval).

Officials from the **County Employees Retirement Fund (CERF)** assume the following:

Section 11(g) has no fiscal impact to the County Employees' Retirement Fund.

Section 22. There is insufficient data to quantify Section 22's exact impact to the County Employees' Retirement Fund. Section 22 may have an unknown, possibly negative, fiscal impact to the County Employees' Retirement Fund. A certain portion of the moneys that are

used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. The changes in Section 22 may reduce the moneys that fund CERF.

Officials from **Boone County SB 40 (Boone County Family Resources)** assume a reduction in funding from personal property and real property taxes would have profound consequences for individuals with intellectual and developmental disabilities (IDD), limiting access to the essential supports they depend on. County Boards—also known as Senate Bill 40 organizations—such as Boone County Family Resources (BCFR) play a vital role in assessing local needs and cultivating a strong network of high-quality services for more than 2,400 Boone County residents with developmental disabilities and their families.

In Boone County alone, BCFR receives approximately \$4.5 million annually from personal property taxes, representing 28% of the board's operating budget. Eliminating this revenue source would immediately and substantially reduce the funding available for critical services, creating a significant negative impact on Boone Countians with developmental disabilities.

Officials from the **Callaway County SB 40 Board** assume House Joint Resolution 148 (HJR 148) proposes a constitutional amendment that further limits the ability of counties and other political subdivisions to realize growth in real property tax revenues by requiring levy rollbacks when assessed valuations increase and by restricting levy adjustments without voter approval. While HJR 148 does not immediately reduce existing tax rates, it imposes a structural limitation on future revenue growth for levy-dependent entities.

Senate Bill 40 organizations, including Callaway County Special Services (CCSS), rely on local property tax levy revenue to assess community needs and sustain essential, community-based services for more than 230 individuals with intellectual and developmental disabilities (IDD) and their families in Callaway County.

By constraining levy growth, HJR 148 limits CCSS's ability to maintain stable funding levels over time as service demand, workforce costs, and inflation increase. These structural limitations create ongoing fiscal pressure that may reduce service capacity even in the absence of an immediate revenue loss.

Officials from the **Department of Social Services, Newton County Health Department** and the **State Tax Commission** 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 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
GENERAL REVENUE			
<u>Transfer Out - SOS - Reimbursement of local election authority election costs if a special election is called by the Governor p.4</u>	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (More than \$9,000,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In - Local Election Authorities Reimbursement of election costs by the State for a special election p.4</u>	\$0 or More than <u>\$9,000,000</u>	<u>\$0</u>	<u>\$0</u>
<u>Cost - Local Election Authorities Cost of a special election if called for by the Governor p.4</u>	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>
<u>Revenue Loss – Kansas City Public Schools – Removal of state levy, if approved by voters p.4</u>	<u>\$0</u>	\$0 or (More or less than <u>\$138,693,256</u>)	\$0 or (More or less than <u>\$138,693,256</u>)
<u>Revenue Loss – Removal of allowance for new construction and improvements in levy calculations, if approved by voters p.5</u>	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss – Mandatory levy rollback, if approved by voters p.5</u>	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVIONS	<u>\$0</u>	<u>\$0 or (Could exceed \$138,693,256)</u>	<u>\$0 or (Could exceed \$138,693,256)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, Missouri's Constitution requires rollbacks in property tax levies in certain situations. However, the Kansas City Public Schools are exempt from this provision.

Upon voter approval, this proposed constitutional amendment would remove the Kansas City Public Schools exemption.

Beginning January 1, 2027, the operating levy of the Kansas City Public School District will be set to the rate at which the school district would receive:

- (1) The same amount of property tax revenue that it received in the 2026 tax year; and
- (2) An additional percentage of property tax revenue that is to be calculated by multiplying the amount of the revenue received in the 2026 tax year by the percentage increase in the Consumer Price Index over the 12 month period from December 2025 to November 2026.

Beginning January 1, 2028, the operating levy of the Kansas City Public School District will be set as provided in Article X of the Missouri Constitution and all applicable statutes governing property taxes and school district operating levies.

Currently, taxes imposed for the payment of bonds, indebtedness, and contracts are exempt from the levy limitation imposed on operating levies.

This resolution repeals this exemption. The levy limitations imposed on operating levies will apply to levies imposed for the payment of bonds, indebtedness, and contracts.

Currently, new construction and improvements are excluded from the calculation of the assessed valuation of property as it relates to the levy limitation of the Hancock amendments.

This resolution provides that new construction and improvements must be included in this calculation of the assessed valuation.

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 Social Services
Office of the Secretary of State
Kansas City Public Schools (KCPS)

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County Employees Retirement Fund (CERF)
Boone County SB 40 (Boone County Family Resources)
Callaway County SB 40 Board
Newton County Health Department
State Tax Commission



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February 1, 2026



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