

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4415H.02C
 Bill No.: HCS for HJR Nos. 148 & 111
 Subject: Constitutional Amendments; Taxation and Revenue - Property; Kansas City;
 Counties; Political Subdivisions
 Type: Original
 Date: February 9, 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	<u>\$0*</u>	<u>\$0 or (Unknown, Could be substantial)</u>	<u>\$0 or (Unknown, Could be substantial)</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.

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, upon voter approval, this proposed Constitutional amendment would remove the KCPS exemption from rollbacks in property tax levies beginning January 1, 2028. Oversight

assumes the KSPS may have a potential loss of revenue beginning in FY 2029 (pending voter approval).

Oversight notes, currently, taxes imposed on the payments of bonds, indebtedness and contracts are exempt from property tax levy rollbacks. This proposal removes the exemption. Therefore, Oversight assumes there would be a revenue loss to local political subdivisions beginning in FY 2028 (pending voter approval).

Oversight assumes this proposal removes the exclusion of 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).

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 the **Adair County SB 40 DD Board** assume a reduction in funding from personal and/or real property taxes would have a direct and significant impact on the essential supports provided by the Adair County SB40 Developmental Disability Board. SB40 funding enables the board's local system to assess community needs and sustain a coordinated network of services that currently support approximately 465 individuals with intellectual and developmental disabilities and their families across Adair County.

In response to a previous version (HJR 148), 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.

In response to a previous version (HJR 148), 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 **St Louis City Assessor** assume the proposal removes CPI inflation from School revenues starting in 2028.

Fiscal Impact:

School Revenues have increased over the recent past by approximately 3% per year. When the legislation takes effect in 2028, the schools will no longer take in approximately \$8 million or more in annual increases due to CPI inflation at an average rate of 3% per year.

There would be no impact to any of the other taxing jurisdictions, including the City of St. Louis, as they would continue to be allowed CPI inflation.

Officials from the **Cole Co. R-V School District** assume this bill would be a loss in revenue of -\$198,041.40 for the district.

Officials from the **Fayette R-III School District** assume a fiscal impact of -\$120,786.59.

Including Hancock rollback into fund 3 debt service levy puts districts at jeopardy of not being able to pay off the bonds all ready in place and will make the cost of future bonds more expensive as public schools will no longer qualify for lower interest rates.

Officials from the **Fulton 58 School District** assume HJR148 would have a fiscal impact on Fulton Public Schools, resulting in a \$249,370.63 reduction in operating revenue. It will also impact the ability to address district debt from voter-approved bonds by subjecting debt service levies to Hancock limits. Bond payment obligations must still be paid in full and on schedule, and could force a shift of operating funds to cover debt.

Officials from the **Lafayette Co, C-1 School District** assume the impact to the district would be approximately -\$171,407 annually if the provisions of this bill are fully implemented.

Officials from the **Lone Jack C-6 School District** assume the impact to the district would be approximately -\$171,407 annually if the provisions of this bill are fully implemented.

Officials from the **Oak Grove R-VI School District** assume HJR 148 is harmful for Oak Grove School with a fiscal impact of -\$321,901.19

Officials from the **Salem R-80 School District** assume under HJR 148, Salem R80s ability to collect voter-approved debt service revenue would be limited, despite fixed bond payment schedules and prior voluntary rate reductions. Debt service taxes exist to repay voter-approved bonds. Applying Hancock limits to those taxes without changing bond repayment requirements creates financial risk for districts and taxpayers

Officials from the **Smithville R-II School District** assume by applying Hancock Amendment rollbacks to new construction and debt service levies, this resolution would result in a direct annual revenue loss of \$107,041.85.

Officials from the **Strasburg C-3 School District** assume there would be a financial impact of -\$11,012.08 to the Strasburg C-3 School District. The impact this could have on Debt Service Calculations is NOT included in this Fiscal Impact amount.

Officials from the **Warsaw R-Ix School District** assume the proposal will have a negative \$322,611.28 impact on tax revenue.

Officials from the **Wheaton R-II School District** assume an estimated fiscal impact: minimum of -\$21,742.12 annually.

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 \$9,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$9,000,000)	\$0	\$0

<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 \$9,000,000	\$0	\$0
<u>Cost - Local Election Authorities Cost of a special election if called for by the Governor p.4</u>	\$0 or (More than \$9,000,000)	\$0	\$0
<u>Revenue Loss – Kansas City Public Schools – Subject to Hancock rollback, if approved by voters p.4</u>	\$0	\$0	\$0 or (Unknown)
<u>Revenue Loss – Removes the exclusion of new construction and improvements from levy calculations, if approved by voters p.5</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss – Rollback on taxes imposed for payment of bonds, indebtedness and contracts, if approved by voters p.5</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Unknown, Could be substantial)	\$0 or (Unknown, Could be substantial)

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 expire the Kansas City Public Schools exemption on December 31, 2026.

Beginning January 1, 2027, the operating levy of the Kansas City Public School District must be set to \$4.9599 per \$100 of assessed valuation.

Beginning January 1, 2028, the operating levy of the Kansas City Public School District must be subject to adjustments 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 amendment 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 amendment.

This amendment 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

Adair County SB 40 DD Board
Office of Administration - Budget and Planning
Department of Social Services
Office of the Secretary of State
Kansas City Public Schools (KCPS)
County Employees Retirement Fund (CERF)
Boone County SB 40 (Boone County Family Resources)

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Newton County Health Department
State Tax Commission
St Louis City Assessor
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Fayette R-III School District
Fulton 58 School District
Lafayette Co, C-1 School District
Lone Jack C-6 School District
Oak Grove R-VI School District
Salem R-80 School District
Smithville R-II School District
Strasburg C-3 School District
Warsaw R-Ix School District
Wheaton R-II School District

Julie Morff
Director



Jessica Harris
Assistant Director
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