

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4527H.02P
 Bill No.: Perfected HCS for HJR 115
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Constitutional Amendments; Veterans
 Type: Original
 Date: April 14, 2026

Bill Summary: This joint resolution proposes a constitutional amendment authorizing a disabled veteran homestead exemption.

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 or Up to \$942,907	\$0 or Up to \$942,907
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)	\$0 or Up to \$942,907	\$0 or Up to \$942,907

*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. All other impacts to state funds would be realized only if the joint resolution is approved by voters.

**Oversight notes the potential savings to the General Revenue Fund are from reduced Senior Property tax credits issued if qualifying veterans paying reduced/no longer paying property tax (pending voter approval).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Blind Pension Fund (1621)	\$0	\$0 or (Unknown, up to \$231,114)	\$0 or (Unknown, up to \$231,114)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Unknown, Could exceed \$231,114)	\$0 or (Unknown, Could exceed \$231,114)

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 (Unknown, Could exceed \$51,146,515)	\$0 or (Unknown, Could exceed \$51,146,515)

*Transfer out and transfer in net to zero **if** the Governor calls a special election.

**Oversight notes this impact could be substantially reduced if taxing authorities are able to increase the levy to other taxpayers to make up for the loss of property tax revenue from disabled veterans resulting from this proposal.

FISCAL ANALYSIS

ASSUMPTION

HJR – Property Tax Exemption

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 **Department of Revenue (DOR)** note if approved by voters at the November 2026, general election or at a special election called for this purpose, this proposal would allow for an exemption of real property tax for 100% disabled veterans. If this is not adopted by the voters, there will be no fiscal impact. If adopted, it is assumed that based on the certification date of this proposal, it would become effective January 1, 2027.

This proposal defines the eligible disabled veteran as a person with a 100% rate as a result of a service-connected disability claim allowed by the U.S. Department of Veterans Affairs. Per the U.S. Census Bureau's 2024 ACS 1-year report there are 51,180 disabled veterans in Missouri with a rating of 70% or higher. Per past information from the Missouri Veterans Commission about 45% of the reported veterans are 100% disabled (23,031). For fiscal note purposes, DOR will assume these are the only veterans who may qualify for this exemption.

The Department is unable to determine the actual number of veterans that would own their own property. For fiscal notes purposes, DOR will assume all of these veterans own their own dwelling. According to information from the U.S. Census Bureau the average amount of real estate property tax paid in Missouri for 2024 was \$1,990. Information on the State Tax Commission's website indicates that \$10,427,068,714 was estimated to be paid in property tax in 2024 with a total parcel count of 3,428,752. They note that 52.71% of the property is residential property therefore, \$5,496,107,919 would have been collected from real property accounting for 1,807,295 parcels of real property. Based on this information the average amount of property tax paid in Missouri for 2024 was \$3,041. The Department notes that some veterans may have a property tax amount that is lower than this amount. This would exempt from state and local real property tax of \$45,831,690 (\$1,990 per person x 23,031 veterans) to \$70,037,271 (\$3,041 per person x 23,031 veterans).

The Missouri Blind Pension fund receives \$.03 for each \$100 valuation of taxable property in the state of Missouri. The Department is unable to determine the actual valuation of the taxable property owned by Missouri veterans, as there are no publications specifying assessed value of property owned by Missouri veterans.

The Department estimates that the Missouri Blind Pension Fund could decrease by a minimum to substantial amount, but DOR defers to the Department of Social Services for the calculation of the amount.

Additionally, DOR notes that if a military disabled veteran is exempt from paying real property tax, they would no longer be eligible to claim the Senior Property Tax Credit. Currently a person can claim the Senior Property Tax Credit if:

- A. They are 65 years or older
- B. 100% Disabled Veteran as a result of military service
- C. 100% Disabled or
- D. 60 years of age or older and receiving surviving spouse benefits

In TY 2023 – 2,205 taxpayers checked the disabled veteran box on the PTC form. They claimed \$1,529,397 in property tax credits.

In TY 2024 - 2,072 taxpayers checked the disabled veteran box on the PTC form. They claimed \$1,446,197 in property tax credits.

Two-year average claimed by disabled veterans is \$1,487,797.

DOR notes that if a disabled veteran is also over the age of 65 years of age they may have just checked the 65+ box instead of the Veterans box so the amount that could be exempt could be higher.

DOR assumes this would result in a savings to General Revenue that Could Exceed \$1,487,797 annually from military veterans no longer owing real property tax and being ineligible for the property tax credit.

Given the election for this proposal is November 2026 (FY 2027) and the bill starts with property taxes on January 1, 2027; this proposal will have an impact starting in FY 2028 due to the filing deadline for the taxes being 12/31/2027 (FY 2028).

FY 2027	\$0
FY 2028+	\$1,487,797 savings to GR and an Unknown loss to Blind Pension fund

This proposal will not have an administrative fiscal impact on the Department.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would go to public vote in November 2026. For the purpose of this fiscal note, B&P assumes that the tax exemption would begin January 1, 2027, if voter approved. B&P notes that property taxes are due December 31st of each tax year. Therefore, while this will begin for tax year 2027, it will not impact revenues until FY28 (December 31, 2027).

This proposal would exempt, upon voter approval, veterans with 100% disability rating from the Department of Veterans Affairs (VA) from real property taxation on their homestead. In addition, this proposal would no longer require former prisoners of war (POWs) to have a total service-connected disability. Current law only exempts former POWs with total service-connected disabilities from real property tax on their homestead.

A homestead is defined as up to 2.5 acres less any portion used for commercial purposes. In addition, if any portion of the property is rented out for more than six months per year then that property will not qualify as a homestead. Taxpayers may only claim this deduction for one homestead.

This proposal would also extend the exemption to a surviving spouse who has not moved or remarried. B&P does not have data on the number of surviving spouses that may qualify for this exemption.

General Revenue

During tax year 2024, there were 1,235 veterans that claimed the PTC as a disabled veteran and property owner, for total PTC claims of \$942,907. Under this proposal, some of these veterans would no longer be subject to real property taxes and thus would no longer claim the PTC beginning with tax year 2027. B&P notes that some veterans aged 65 and older may have elected to claim the PTC as a senior rather than as a disabled veteran and would no longer claim the PTC under this proposal. Therefore, B&P estimates that this proposal could increase GR by up to \$942,907 annually beginning in FY28.

Blind Pension Trust Fund

Based on previous data from the Missouri Veterans Commission and current data published by the U.S. Census Bureau, B&P estimates that there were 17,141 veterans with a 100% service-connected disability rating from the VA during 2023, the most recent complete year available.

Additionally, based on data from the U.S. Census bureau, the average median housing value in Missouri was \$215,600 and the average median real estate taxes paid was \$1,887 in 2023. B&P notes however, that based on Section 137.115, RSMo, the assessed value for real property is 19% of the market value. Therefore, based on a market value of \$215,600, B&P estimates that the median assessed value would be \$40,964.

B&P notes that the Blind Pension Trust Fund has a property tax levy of \$0.03 per \$100 valuation. Based on the U.S. Census Bureau data, B&P estimates that the Blind Pension Trust Fund receives a median of \$12.29 per real property within Missouri (\$40,964 median assessed value x 0.0003 Blind Pension levy). Therefore, B&P estimates that this proposal could reduce funding to the Blind Pension Trust fund by up to \$210,649 (\$12.29 x 17,141 veterans).

Median Value	\$215,600
Assessed %	x 19%
Assessed Value	\$40,964

Blind Pension Trust Fund levy	x (0.03/100)
Median Blind Pension Tax	\$12.29

Qualifying veterans	x 17,141
Loss to Blind Pension Trust Fund	(\$210,649)

Local Property Tax Collections

Based on data from the U.S. Census bureau, the average median housing value in Missouri was \$215,600 and the average median real estate taxes paid was \$1,887 in 2023. Using this data, B&P estimates that the median property tax levy in Missouri is \$0.90 per \$100 market value. Subtracting the \$0.03 per \$100 valuation levy for the Blind Pension Trust Fund, B&P estimates that the median local real property tax levy is \$0.87 per \$100 market value. Therefore, B&P estimates that this provision could reduce local real property tax revenues by up to \$32,134,418 (\$215,600 median home value x \$0.87/\$100 x 17,141 veterans).

Median Home Value	\$215,600		
Median Local Real Property Tax Levy		x	(0.87/100)
Median Local Real Property Tax			1,874.71

Qualifying veterans	x	17,141	
Local Real Estate Taxes Lost			(\$32,134,418)

Officials from the **State Tax Commission** have reviewed this proposal and determined it has a negative fiscal impact on taxing jurisdictions, like school, ambulance, and fire districts reliant on property taxes for revenue. According to the U.S. Department of Veteran Affairs, Missouri currently has 20,407 veterans who have a 100% service-connected disability and receive benefits from the federal government.

According to US Census data, 78.1% of veterans are homeowners in Missouri, meaning the exemption could apply to 15,938 veterans. According to US Census housing data, the 1-year median home value in Missouri is 254,400. This equates to an assessed value of \$48,336 per home and \$770,379,168 (15,938 x \$48,336) of assessed value that qualifies for the exemption. Residential real property accounted for \$82,783,490,689 of assessed value and approximately brought in \$5,496,107,919 of property taxes for taxing jurisdictions across the state. STC calculates that this proposal could cost \$51,146,515 ([\$5,496,107,919 X \$770,379,168]/\$82,783,490,689) spread out across taxing jurisdictions around the state.

It must also be noted, most of the cost of this proposal would be shifted to other property owners as the Hancock Amendment allows school districts to maintain a consistent stream of revenue. As exemptions are granted, those taxes lost due to the exemption could then be recouped from other property owners if taxing jurisdictions choose to raise their tax rates under Hancock. It would only result in lost revenues for a taxing jurisdiction if the taxing entity is at or near the tax rate last approved by voters.

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

Officials from the **County Employees Retirement Fund (CERF)** assume there is insufficient data to quantify its exact impact. HCS/HJR 115 may result in an unknown fiscal impact to the County Employees' Retirement Fund.

In response to a previous version, officials from the **High Point R-III School District** assumed a fiscal impact but did not provide any additional information.

In response to a previous version, officials from the **Callaway County SB 40 Board** assumed a fiscal impact but did not provide any additional information.

In response to a previous version, officials from the **Pettis County SB 40 Board** assumed a reduction in funding from personal property and/or real property taxes would have significant consequences on critical supports for individuals with intellectual and developmental disabilities (IDD), limiting access to critical supports for those who rely on them. Senate Bill 40 organizations such as Pettis County Board of Services for the Developmentally Disabled assess local needs and nurture a strong network of high-quality services that are essential to over 620 people with IDD and their families.

The services supported by personal property taxes include employment opportunities, inclusive community programs, and vital resources for families. Beyond supporting individuals with IDD, these programs enrich lives and strengthen the overall fabric of the community, fostering a more equitable and inclusive society.

In response to similar legislation, SJR 94, (2026), officials from the **St Louis City Assessor** assumed the following:

Disability Rating Status	# of MO Veterans	% of MO Veterans
Total	399,154	
Vets with service connected disability rating	95,566	23.94%
100% service connected disability rating	14,905	3.73%

Missouri homes occupied by veterans	10%
Veteran home ownership rate	78%
Median value of veteran's homes in MO	\$160,000
% of MO veterans with a service connected disability rating	24.00%
MO Veteran Population in City of St. Louis	17,000
# of total, 100% disabled veterans in City of St. Louis	635
# of 100% disabled veterans x veteran home ownership rate	495
Taxes on typical veteran's home (\$160k value)	\$2,489

Total taxes affected by legislation

(\$1,232,303)	Loss to all taxing jurisdictions
(\$246,461)	Loss to City of St. Louis
(\$18,485)	Loss to Collector of Revenue Fund
(\$7,702)	Loss to Assessment Fund

In response to similar legislation, SJR 46, (2025), officials from the **Lincoln County Assessor** assumed it there was a mechanism that recoups the revenue lost from the exemption - it could be troublesome in that it may need some software updates to implement the process - hence some unfunded mandates to offices that may have funding issues.

Oversight notes, per information on the State Tax Commission's [website](#), an applicant must meet the following requirements to qualify for the property tax exemption as it exists in current law:

- be a former prisoner of war; and
- a veteran of any branch of the armed forces of the United States or this state who became one hundred percent disabled as a result of his or her military service; and
- must own and occupy the homestead as a primary residence.

Oversight notes the phrase “total service connected disability” exists in current law and for purposes of this fiscal note assumes it has the same meaning as noted above by the State Tax Commission.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03). Because this proposal limits the assessed value portion of this equation, the Blind Pension Fund will experience a decrease in revenue relative to what it would have received under current law.

Oversight notes the STC estimates \$770,379,168 of assessed value could be exempt under this resolution (pending voter approval). Therefore, Oversight will show the impact to the Blind Pension Fund as either \$0 (Constitutional amendment is not approved by voters) or up to a loss of \$231,114 ($\$770,379,168 / 100 * .03$).

Oversight assumes this could reduce claims for the Property Tax Credit for individuals qualifying for the exemption. Oversight will show the savings to General Revenue provided by the Office of Administration - Budget and Planning.

Oversight notes 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.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. 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 an actual loss of revenue.

Oversight notes this proposal is contingent on a voter approved amendment to the Constitution. Oversight will show the impact as either \$0 (Constitutional amendment is not approved by voters AND/OR the local political subdivisions may be able to increase the levy to all other taxpayers to replace the lost property tax revenues from disabled veterans) or up to the figures estimated by the STC to local political subdivisions beginning in FY 2028.

Officials from the **Newton County Health Department, Phelps County Sheriff, Kansas City Police Dept., St. Louis County Police Dept, Department of Public Safety – Veterans Commission**, and the **Department of Social Services** 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.

In response to a previous version, officials from the **Twin Rivers R-X School District** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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>Revenue Gain</u> – DOR – Veterans no longer claiming the Senior Property Tax Credit, if approved by voters p.5	\$0	\$0 or Up to \$942,907	\$0 or Up to \$942,907
<u>Transfer Out</u> - SOS - Reimbursement of local election authority election costs if a special election is called by the Governor p.4	\$0 or (More than \$9,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$9,000,000)	\$0 or Up to \$942,907	\$0 or Up to \$942,907
BLIND PENSION FUND (1621)			
<u>Revenue Loss</u> - No real property tax collected from veterans with a total service-connected disability, if approved by voters p.7	\$0	\$0 or (Unknown, up to \$231,114)	\$0 or (Unknown, up to \$231,114)
ESTIMATED NET EFFECT ON BLIND PENSION FUND (1621)	\$0	\$0 or (Unknown, up to \$231,114)	\$0 or (Unknown, up to \$231,114)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – To implement and monitor if approved by voters p.9</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss - No real property tax collected from veterans with a total service-connected disability*, if approved by voters p.7</u>	\$0	\$0 or (Unknown, up to \$51,146,515)	\$0 or (Unknown, up to \$51,146,515)
<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
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Unknown, Could exceed \$51,146,515)	\$0 or (Unknown, Could exceed \$51,146,515)

***Oversight** notes this impact could be substantially reduced if taxing authorities are able to increase the levy to other taxpayers to make up for the loss of property tax revenue of disabled veterans resulting from this proposal.

FISCAL IMPACT – Small Business

Oversight assumes taxing jurisdictions may be able to increase the levy to all other property owners to make up for the lost revenue from this property tax exemption.

FISCAL DESCRIPTION

Currently, all real property used as a homestead of any citizen of this State who is a former prisoner of war and who has a total service-connected disability, is exempt from taxation.

Upon voter approval, this proposed constitutional amendment would exempt all real property used as a homestead, as defined in the resolution, from taxation for any military veteran who is a resident of this State and has a 100% service-connected disability as determined by the U.S.

Department of Veterans Affairs, and any military veteran who is a citizen of this State and a former prisoner of war.

If the 100% disabled veteran is deceased, the surviving spouse can continue using the exemption on the homestead property, provided that the surviving spouse uses, occupies, and maintains the homestead on which the disabled veteran was granted the original exemption. If the exempt homestead is subsequently sold or if the surviving spouse discontinues use of the property as the primary homestead, the exemption will expire.

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 the Secretary of State
Department of Revenue
Office of Administration - Budget and Planning
State Tax Commission
Department of Public Safety – Veterans Commission
Department of Social Services
City of Kansas City
County Employees Retirement Fund (CERF)
High Point R-III School District
Callaway County SB 40 Board
Pettis County SB 40 Board
Newton County Health Department
Phelps County Sheriff
Kansas City Police Dept.
St. Louis County Police Dept
Twin Rivers R-X School District
Lincoln County Assessor
St Louis City Assessor



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