

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5410H.011
 Bill No.: HJR 111
 Subject: Constitutional Amendments; Education, Elementary and Secondary; Taxation and Revenue - Property; Taxation and Revenue - General; Kansas City
 Type: Original
 Date: February 1, 2026

Bill Summary: This proposal proposes a constitutional amendment relating to property tax.

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 (More or less than \$138,693,256)	\$0 or (More or less than \$138,693,256)

*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.

In response to similar legislation (HJR 148, 2026), officials from the **Kansas City Public Schools (KCPS)** noted 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

Officials from the **Platte County Board of Elections, St. Louis City Board of Elections, St. Louis County Board of Elections, Missouri House of Representatives, Missouri Senate,** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal will not impact:

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

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<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</u>	\$0 or (More than <u>\$9,000,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than <u>\$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</u> - Local Election Authorities - reimbursement of election costs by the State for a special election	\$0 or More than \$9,000,000	\$0	\$0
<u>Costs</u> - Local Election Authorities - cost of a special election if called for by the Governor	\$0 or (More than \$9,000,000)	\$0	\$0
<u>Potential Revenue Loss</u> – Kansas City Public Schools – Removal of state levy, if approved by voters p.4	\$0	\$0 or (More or less than \$138,693,256)	\$0 or (More or less than \$138,693,256)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVIONS	\$0	\$0 or (More or less than \$138,693,256)	\$0 or (More or less than \$138,693,256)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, the State'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 must 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.

This resolution provides ballot language for the proposed 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

Kansas City Public Schools
Office of the Secretary of State
Office of Administration - Budget and Planning
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
Missouri House of Representatives
Missouri Senate
State Tax Commission



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February 1, 2026



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