

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6074H.02C
 Bill No.: HCS for HJR 159
 Subject: Treasurer, State; Banks and Financial Institutions; Securities
 Type: Original
 Date: February 20, 2026

Bill Summary: This proposal modifies provisions relating to the State Treasurer's ability to invest.

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 More or Less than \$2,399,389	\$0 or More or Less than \$4,798,779
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)	\$0 or More or Less than \$2,399,389	\$0 or More or Less than \$4,798,779

*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.

If approved by voters (reflected as “\$0 or”), Oversight assumes the Office of the State Treasurer would be able to earn additional interest income. For an estimate, Oversight assumed an additional two percent (2%) rate of return on approximately five percent (5%) of the STO’s current investment portfolio, for an additional \$15.1 million of interest income annually – divided between the General Revenue Fund and Other State Funds. Actual investment decisions and market results could vary substantially.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State Funds	\$0	\$0 or More or Less than \$5,169,662	\$0 or More or Less than \$10,339,325
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or More or Less than \$5,169,662	\$0 or More or Less than \$10,339,325

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	\$0

*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-State Treasurer Investments

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 the State Treasurer** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Office of the State Treasurer (STO)** assumed a potential impact. This proposal allows STO to invest in municipal securities with high credit ratings as well as other reasonable and prudent financial instruments and securities that are otherwise provided by law. Investments division would be impacted the most, but the banking division would also have to account for the new investments as well. Not a massive undertaking by any means but certainly would impact both divisions. Also, the proposal allows STO to invest in securities that would mature and become payable within seven years as opposed to five.

Oversight notes according to the STO's Portfolio Management Report, the STO had the following investments (Market Values) as of December 31, 2025:

Investments	Market Value
U.S. Treasury Securities - Coupon	\$1,167,161,217
US Treasury Bills	\$994,567,720
U.S. Agency Issues - Coupon	\$2,898,452,751
U.S. Agency Issues - Callable	\$4,327,003,068
U.S. Agency Mortgage-Backed Securities	\$601,118,176
Amortizing Commercial Paper Disc.	\$149,557,950
Term Repos	\$600,000,000
Overnight Repos	\$3,453,539,000
Linked Deposits	\$579,462,823
Linked Deposits - FFCB	\$176,501,000
Time Deposits - Market Rate	\$190,740,000
Total Investments	\$15,138,103,705

The effective Rate of Return for December 31, 2025, was 3.03% and the fiscal year to date was 3.18%.

Assuming this proposal is approved by voters in November 2027, and without an estimate from the STO, Oversight will assume the STO will utilize this flexibility and be able to earn an additional two percent (2%) rate of return on five percent (5%) of the moneys in the state treasury. Therefore, Oversight assumes an additional \$15.1 million (\$15.1B x 5% x 2%) per

year in interest income. Ultimately, many things could impact this estimate; therefore, Oversight will reflect the fiscal impact as “More than or Less than”. Assuming passage in November 2027, Oversight will reflect six (6) months of impact in FY 2028.

Oversight notes the balance of the General Revenue Fund at 12/31/2025 was \$3.5 billion of the \$15.1 billion in state funds. Therefore, Oversight will assume 31.7% of the additional interest income will be credited to the General Revenue Fund and the remainder (68.3%) will be credited to various other state funds.

Officials from the **Department of Corrections (DOC)** note the proposed legislation allows the state treasurer to invest funds for a period of not more than 7 years. This represents an increase from the current 5-year period. The expanded period could possibly yield higher interest rates and returns for the Canteen fund, Prison Nursery fund and the Substance Abuse Earnings fund. It is unknown what the increase in interest revenue will be from this change in legislation; therefore, the department assumes an Unknown impact. The DOC estimates this could be a cost savings under the 250,000 threshold.

Officials from the **Missouri Department of Agriculture and Department of Natural Resources** defer to the Office of Administration for the potential fiscal impact of this proposal.

Officials from the **Office of Administration-Budget and Planning** assume this proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

In response to the previous version, officials from the **Office of Administration-Budget and Planning** assumed this legislation expands the option for investment that the State Treasurer's Office could pursue. In the event that these new investments yield higher returns for the state, TSR would be positively impacted. B&P defers to the State Treasurer's Office for specific estimates.

In response to a previous version, officials from the **Department of Public Safety-Missouri Veterans Commission** deferred to the Office of the State Treasurer for the potential fiscal impact of this proposal.

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of Administration-Commissioner's Office, Department of Commerce and Insurance, Department of Economic Development, Department of Elementary and Secondary Education, Department of Health and Senior Services, Department of Labor and Industrial Relations, Department of Mental Health, Department of Public Safety (Division of Alcohol and Tobacco Control, Missouri Gaming Commission, Office of the Director, Missouri Highway Patrol, State Emergency Management Agency, Fire Safety and Capitol Police), MoDOT & Patrol Employees' Retirement System, Department of Revenue, Department of Social Services, Office of the Governor, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Joint Committee on Legislative Research (Legislative Research and Oversight Division), Missouri Consolidated Health Care Plan, Missouri Department of Transportation, Missouri National Guard, Missouri House of Representatives, Missouri Lottery Commission, Missouri Senate, Missouri State Employee's Retirement System, Office of Administration (Administrative Hearing Commission), Office of the State Auditor, Office of the State Courts Administrator, Department of Higher Education and Workforce Development, Petroleum Storage Tank Insurance Fund, Office of the State Public Defender and State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

Officials from the **City of Kansas City, City of O'Fallon, Northwest Missouri State University, and University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

In response to a previous version, officials from the **Missouri Department of Conservation, Missouri Ethics Commission, Missouri Office of Prosecution Services, and University of Missouri System** each assumed the proposal would 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028 (6 Mo.)	FY 2029
GENERAL REVENUE			
<u>Revenue</u> – Additional interest earned by the STO from increased flexibility in investments p.4-5	\$0	\$0 or More or Less than \$2,399,389	\$0 or More or Less than \$4,798,779
<u>Transfer Out</u> – SOS - Reimbursement of local election authority election costs if a special election is called by the Governor p.3	\$0 or (More than \$9,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**	\$0 or (More than \$9,000,000)	\$0 or More or Less than \$2,399,389	\$0 or More or Less than \$4,798,779
OTHER STATE FUNDS			
<u>Revenue</u> – Additional interest earned by the STO from increased flexibility in investments p.4-5	\$0	\$0 or More or Less than \$5,169,662	\$0 or More or Less than \$10,339,325
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0	\$0 or More or Less than \$5,169,662	\$0 or More or Less than \$10,339,325

<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 p.3	\$0 or More than \$9,000,000	\$0	\$0
<u>Cost</u> - Local Election Authorities - Cost of a special election if called for by the Governor p.3	\$0 or (More than \$9,000,000)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Upon voter approval, this proposed Constitutional amendment would authorize the State Treasurer to invest certain funds not necessary for current expenses in obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than seven years from the date of purchase, municipal securities possessing one of the five highest long term ratings or the highest short term rating issued by a nationally recognized rating agency and maturing and becoming payable not more than five years from the date of purchase, and may also invest in other reasonable and prudent financial instruments and securities as otherwise provided by law.

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 State Treasurer
 Attorney General’s Office
 Department of Commerce and Insurance
 Department of Economic Development
 Department of Elementary and Secondary Education

Department of Health and Senior Services
Department of Natural Resources
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations
Department of Corrections
Department of Mental Health
Department of Public Safety
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Veterans Commission
 Office of the Director
 Missouri Highway Patrol
 State Emergency Management Agency
Department of Revenue
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Joint Committee on Legislative Research
 Legislative Research
 Oversight Division
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri House of Representatives
Missouri Lottery Commission
Missouri Senate
Office of the Secretary of State
Missouri State Employee's Retirement System
Office of Administration
 Administrative Hearing Commission
 Commissioner's Office
Office of the State Auditor
Office of the State Public Defender
Missouri Office of Prosecution Services

L.R. No. 6074H.02C
Bill No. HCS for HJR 159
Page **10** of **10**
February 20, 2026

State Tax Commission
Northwest Missouri State University
University of Central Missouri



Julie Morff
Director
February 20, 2026



Jessica Harris
Assistant Director
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