

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6805H.02C
 Bill No.: HCS for HJR 171
 Subject: Tax Incentives; Bonds - General Obligation and Revenue; Elementary and Secondary Education; Constitutional Amendments
 Type: Original
 Date: March 16, 2026

Bill Summary: This joint resolution proposes a constitutional amendment authorizing school districts to include governmental entity property owned for development or redevelopment purposes in calculations of assessed valuation for school district indebtedness purposes.

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 or Unknown to (Unknown) | \$0 or Unknown to (Unknown) | \$0 or Unknown to (Unknown) |

*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.

**County Assessors may need additional resources to assess new properties and school districts may have access to additional funds if indebtedness limit is increased.

FISCAL ANALYSIS

ASSUMPTION

HJR – School Indebtedness

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 **St. Louis City Assessors Office** note the City of St. Louis has approximately 12,000 government owned properties that are exempt from property tax. The Assessor's office does not maintain values on these properties and they do not have the staff/resources to go out and value them all and then maintain them on the Assessor's books.

For comparison, our commercial real estate division currently maintains approximately 15,000 parcels with the following staffing: 1 Manager, 2 Supervisors, 6 Appraisers.

In order to value the 12,000 exempt properties and then maintain them, they would need to add the following minimum staffing/resources: 1 Supervisor, 2 Commercial appraisers, 2 Residential appraisers.

The estimated cost of additional staffing/resources is estimated at \$335,000.

Oversight notes this joint resolution requires properties that are currently not assessed to be assessed for the purpose of calculating the limitation on school indebtedness. Oversight assumes there is a potential local impact as local assessors would assess properties it did not previously assess. Oversight notes the extent of assessment differs between each county. Therefore, Oversight will reflect a zero (no additional assessments) or unknown cost to local assessors upon passage of this joint resolution.

Oversight notes school districts indebtedness limit may increase due to new assessments on property values. Therefore, Oversight will reflect a zero (limit unchanged) to unknown revenue gain for school districts upon passage of this joint resolution.

Officials from the **Office of Administration – Budget and Planning, Department of Elementary and Secondary Education, City of Kansas City, Office of the State Auditor, and State Tax Commission** each assume 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, school districts 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 (\$26)</u> 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 | \$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>Revenue Gain – School Districts</u> Increased indebtedness p.4 | \$0 or Unknown | \$0 or Unknown | \$0 or Unknown |
| <u>Transfer In - Local Election Authorities</u> Reimbursement of election costs by the State for a special election p.3 | \$0 or More than \$9,000,000 | \$0 | \$0 |
| <u>Cost - Local Election Authorities</u> Cost of a special election if called for by the Governor p.3 | \$0 or (More than \$9,000,000) | \$0 | \$0 |
| <u>Cost – County Assessors</u> Property assessment p.4 | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | \$0 or Unknown to (Unknown) | \$0 or Unknown to (Unknown) | \$0 or Unknown to (Unknown) |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This constitutional amendment, if adopted, would amend Article VI of the Missouri Constitution to allow school districts to include property owned by a governmental entity used for development or redevelopment purposes in the calculation of assessed valuation for determining the limitation cap on school district indebtedness.

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
Office of the Secretary of State
Department of Elementary and Secondary Education
City of Kansas City
St. Louis City Assessor’s Office
Office of the State Auditor
State Tax Commission



Julie Morff
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March 16, 2026



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