

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7127H.02I
 Bill No.: HJR 189
 Subject: Business and Commerce; Constitutional Amendments; Treasurer, State
 Type: Original
 Date: February 23, 2026

Bill Summary: This joint resolution proposes a constitutional amendment relating to the creation of a sovereign wealth fund for the state of Missouri.

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 (Unknown)**	\$0 or (Unknown)**
Total Estimated Net Effect on General Revenue	\$0 or (More than \$9,000,000)	\$0 or (Unknown)	\$0 or (Unknown)

* **Oversight** notes 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.
 **Oversight notes the resolution allows discretionary appropriations from GR, therefore Oversight assumes any appropriation could exceed \$250,000 in a given fiscal year (pending voter approval.)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Show-Me Prosperity Fund*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

* Oversight notes the resolution allows discretionary appropriations from GR, therefore Oversight assumes any appropriation could exceed \$250,000 in a given fiscal year (pending voter approval.)

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

FISCAL ANALYSIS

ASSUMPTION

Section 15(a)

Officials from the **Department of Revenue (DOR)** note this proposal creates a constitutional amendment creating a new state fund. If the amendment fails to be adopted, it will not have a fiscal impact. If the amendment is adopted then it would have the following impact.

This proposal would create a new state fund called the Show-Me Prosperity Fund. It says the General Assembly shall appropriate money to the fund for the purpose to eliminate state-imposed taxes and secure the state's financial future. This proposal gives the Office of the State Treasurer (STO) the authority to invest the money in the fund.

Except for the investment of the funds, no money may be appropriated from this fund until the balance reaches high enough to cover all the following taxes: the individual income tax, state sales and use tax, the corporate income tax and all other state-imposed taxes. Once the balance hits the number to eliminate all those taxes, then the STO is to notify the General Assembly. At that point, the General Assembly can begin the process of using the funding to replace those taxes.

DOR notes this proposal requires that the General Assembly appropriate the money to the fund to even begin this process should this amendment pass. DOR defers to the STO for the fiscal impact of this proposal. DOR will not be impacted until such time as a tax is lowered or eliminated.

Officials from the **Missouri Senate, Office of Administration - Budget and Planning, Office of the State Treasurer, Missouri House of Representatives** and the **St. Louis County Board of Elections** 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 similar legislation, SJR 95 (2026), officials from the **Platte County Board of Elections, St. Louis City Board of Elections, Jackson County Election Board,** and the **Platte County Board of Elections** 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.

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 once the net investment earnings of the Show-Me Prosperity Fund, as defined in the amendment, are sufficient to eliminate state-imposed taxes, the money shall be appropriated and used to eliminate state taxes as provided in the amendment.

Oversight assumes the reduction and elimination of tax(es) would require implementing language and any fiscal impact would be calculated in the implementing language's fiscal note.

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</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
<u>Transfer Out</u> - Section 20(a) - To Show-Me Prosperity Fund, if approved by voters p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (More than \$9,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
SHOW-ME PROSPERITY FUND			
<u>Transfer In</u> - from general revenue, if approved by voters and appropriated by general assembly p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> - Investment earnings, if approved by voters p.5	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON SHOW-ME PROSPERITY FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<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

This constitutional amendment, if approved by voters, establishes the "Show-Me Prosperity Fund", which is established as a permanent public endowment to provide long-term fiscal stability with the goal of eliminating state-imposed taxes without impairing the real value of the fund's principal. The fund shall consist of money appropriated to it by the General Assembly, and may also receive gifts, donations, grants, and bequests from any source.

The State Treasurer shall invest the fund under a total-return strategy, considering income, capital appreciation, and long-term purchasing power, consistent with fiduciary standards applicable to public trust funds. No money shall be appropriated from the fund until the notification is given by the State Treasurer that the net investment earnings of the fund, as defined in the amendment, are sufficient to eliminate state-imposed taxes, at which time net investment earnings from the fund shall be used to eliminate state taxes as provided in the amendment. The total amount of moneys that may be appropriated from the fund in a fiscal year shall not exceed two percent of the average market value of the fund over the preceding five fiscal years.

Upon the elimination of all state-imposed taxes, no such taxes shall thereafter be enacted, provided, however, that in the event the fund is unable to meet its obligations due to insolvency, revenue shortfall, or program failure, the General Assembly shall retain full authority to appropriate funds from any lawful source and to enact legislation establishing or increasing taxes or other revenues as necessary to ensure continuity of state programs and fulfillment of state expenditures that were anticipated to be supported by the fund.

Upon the elimination of all state-imposed taxes, the General Assembly may appropriate net investment earnings from the fund for the purpose of replacing federal moneys received by the state, for issuing dividend payments to residents of the state, or both.

The principal of the fund shall not be appropriated, pledged, borrowed against, or otherwise encumbered for any purposes other than as provided in the amendment. The State Auditor shall conduct an audit of the fund to ensure compliance with the provisions of the amendment at such times that the Auditor deems necessary, but no less than once every three fiscal years.

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

Department of Revenue
St. Louis County Board of Elections
Office of Administration - Budget and Planning
Office of the State Treasurer
Platte County Board of Elections
St. Louis City Board of Elections
Missouri House of Representatives
Missouri Senate
Jackson County Election Board
Office of the Secretary of the State



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February 23, 2026



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